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OURGAME INTERNATIONAL HOLDINGS LIMITED

聯眾國際控股有限公司*

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 6899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Changes
	2023 RMB'000 Audited	2022 RMB'000 Audited (Restated)	
Revenue	88,996	101,559	(12.4%)
Loss attributable to equity holders of the Company for the year	<u>(62,765)</u>	<u>(35,560)</u>	76.5%
Loss per share attributable to equity holders of the Company for the year (expressed in RMB cents per share)			
From continuing and discontinued operations:			
Basic loss per share	(5.90)	(3.31)	78.2%
Diluted loss per share	(5.90)	(3.31)	78.2%
From continuing operations:			
Basic loss per share	(7.27)	(1.30)	459.2%
Diluted loss per share	(7.27)	(1.30)	459.2%

The board (the “**Board**”) of directors (the “**Directors**”) of Ourgame International Holdings Limited (the “**Company**” or “**Ourgame**”) hereby announces the annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023. The annual results have been reviewed and approved by the Company’s audit committee (the “**Audit Committee**”).

BUSINESS REVIEW

In 2023, under the background of continuous changes in the domestic and international environment, the Company continued to explore the overall existing business and developing it thoroughly while actively developing new business. The Company’s business in China has been growing steadily and healthily, with continuous growth in the “Ourgame Hall” business and mobile game business. Meanwhile, the Company has made continuous progress in the new racetrack of multi-channel network (“**MCN**”) broadcasting.

In respect of our PC game business that is popular among loyal users, significant improvement has been in the active users and service experience of the traditional Ourgame Hall services. Meanwhile, the Company’s business platform sector has been optimized and fine-tuned in various aspects, such as continuously improving user experience of the premium users, further enhancing our brand stickiness and visibility and combining the traditional products with the hot-pick items, including short videos and live broadcast projects in order to raise the users’ activities, thereby promoting the sustainable and healthy growth of the revenue from PC games in 2023. The Company will further explore the value of Ourgame Hall platform users in the future to promote the continuous return of old users and continue to provide hundreds of millions of platform users with better services. Meanwhile, we will further strengthen our efforts in marketing, expand cooperation channels on the PC platform, and further attract new and old users to experience our high-quality services.

In respect of the traditional leisure games product projects, Ourgame continued to press ahead with the cooperation strategy with various channels. In addition to the existing well-run traditional products such as Fight Landlord and Mahjong, Ourgame continued to launch a number of mobile-based game products in 2023, such as Two-Experts Mahjong (達人二人麻將), Braves Fight Landlord (智勇鬥地主) and Mahjong Everyday (天天愛麻將), which have been promoted on Kuaishou platform and cooperated with multiple advertisers. After one year of operation, such products and services have been widely recognized by the market with higher revenue and more users, becoming the leader of similar products in the market in a quick manner. The Company plans to apply the model of such products to the promotion of other card and board games products in the future, enlarge product categories jointly promoted with partners, and continue to cultivate the traditional leisure games market. Meanwhile, the Company also plans to continue to make exploration and layout in leisure and puzzle games, and further provide high-quality services for users of different age groups.

In 2023, the Company continued to strengthen the construction of the MCN operation team. The Company has established extensive connections and cooperation with internet live streaming platforms such as Kuaishou and Douyin to kick-start various initiatives. Currently, the operation team has built its own superior anchor camp covering various categories, such as chess, mahjong, Fight Landlord (鬥地主), western chess, Four-nation War Chess (四國軍棋), bridge and other sectors. The relevant live

streaming accounts matrix have already had millions of users and fans, and a large number of head accounts have been created, such as Mahjong Competitor (麻將競技君), where competitive leisure games players interact with fans in real time, providing users with high-quality live streaming and event contents of card and board games. Meanwhile, we are building a public channel featuring short videos with professional content in various aspects in order to highlight our own industry-specific advantages. Our live broadcast business continued to cooperate with the official card and board games of Kuaishou, which has assisted Kuaishou's promotion of its official leisure games in the live broadcasting sector. This is a new attempt for a win-win cooperation between Ourgame and other leisure games operators. For offline operations, the Company also actively attempted to operate leisure games venues and has established Ourgame intelligence eSports venues (聯眾智競館) in many places, so as to provide more and better services for enthusiasts and fans of leisure games.

Since its establishment over two decades ago, the Company remained its focus on the leisure games despite various challenges in the market and based on it, Ourgame has built a leisure ecosystem that incorporates online games, competitive tournaments, programme production, live events and offline experience, continued to expand its gaming and entertainment business in the mainland, Hong Kong and Macau. The Company will continue to work hard and forge ahead in order to achieve the goal of shareholder return and social responsibility. Meanwhile, during the year, the current board of directors and the current management of the Company continued to persistently recover the non-performing assets generated by the former management, including but not limited to Mr. Ng Kwok Leung Frank, such as overdue receivables and historical investments, by taking various measures, including but not limited to recovering in person, engaging third-party consultants, service agencies and debt collection agencies, as well as taking legal means such as arbitration or litigation. Through these efforts, a large number of assets have been recovered. The current management of the Company will continue to make every effort and try every possible way to recover relevant assets and pursue legal responsibility against relevant parties, thereby continuously safeguarding the interests of the Company and all Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

The loss attributable to equity holders of the Company amounted to RMB62.8 million for the year ended 31 December 2023, representing an increase of RMB27.2 million or 76.5% as compared with loss of RMB35.6 million for the year ended 31 December 2022. The increase was primarily due to the financial assets at fair value through profit or loss (“FVTPL”) in historical investment projects and loss in impairment under expected credit loss model, net of reversal and expenses incurred from the recovery of historical debtors.

2. Revenue

In 2023, the revenue of the Group amounted to RMB89.0 million, representing a decrease of RMB12.6 million as compared with RMB101.6 million for the year ended 31 December 2022. The decrease was mainly due to the transfer of significant amounts of deferred income to revenue occurred during 2022.

3. Cost of Revenue and Gross Profit Margin

In 2023, the cost of revenue of the Group amounted to RMB44.1 million, representing an increase of RMB2.9 million as compared with RMB41.2 million for the year ended 31 December 2022. The gross profit margin of the Group slightly decreased from 59.4% for the year ended 31 December 2022 to 50.4% for the year ended 31 December 2023. The decrease in gross profit margin of the Group was mainly due to the transfer of significant amounts of deferred income to revenue occurred during 2022.

4a. Other Income

In 2023, other income of the Group amounted to RMB7.2 million, representing an increase of RMB4.7 million as compared with RMB2.5 million in 2022. This was primarily due to the increased license fee income and income from provision of venues for card and board games.

4b. Other Gains and Losses

In 2023, other losses of the Group amounted to RMB3.5 million, representing a decrease of RMB10.5 million as compared with other gains of RMB7.0 million in 2022. This was primarily due to the impairment loss of property, plant and equipment and right-of-use assets.

5. Selling and Marketing Expenses

In 2023, the selling and marketing expenses of the Group amounted to RMB14.0 million, representing a decrease of RMB5.9 million or 29.6% as compared with RMB19.9 million in 2022. The decrease was mainly due to the decrease in promotion and marketing activities during the year.

6. Administrative Expenses

In 2023, the administrative expenses of the Group amounted to RMB44.0 million, representing a slight decrease of RMB2.0 million as compared with RMB46.0 million in 2022.

7. Research and Development Expenses

In 2023, the research and development expenses of the Group amounted to RMB15.8 million, representing an increase of RMB0.8 million or 5.3% as compared with RMB15.0 million in 2022.

8. Fair Value Changes of Financial Assets at FVTPL

In 2023, the loss in fair value changes of financial assets at FVTPL of the Group amounted to RMB31.4 million, as compared with RMB1.3 million in 2022. The losses in 2023 and 2022 were mainly due to the unexpected changes in the market environment during the years ended 31 December 2023 and 2022, and historical investee companies suffered from loss in previous years.

9. Impairments Loss under Expected Credit Losses (“ECL”) Model

In 2023, the impairments loss under ECL allowance Model of the Group amounted to RMB11.1 million, as compared with RMB7.5 million reversal of impairment losses in 2022. The impairments loss under ECL allowance was determined by the management that the future cash flows are not expected to be sufficient to recover the carrying value.

10. Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company amounted to RMB62.8 million for the year ended 31 December 2023, as compared with RMB35.6 million for the year ended 31 December 2022. The loss attributable to equity holders of the Company for the year ended 31 December 2023 was primarily due to the decrease in revenue and other income and the increase in loss in fair value changes of financial assets at FVTPL and the loss in impairment under ECL model, net of reversal.

11. Income Tax Expenses

In 2023, the income tax expenses of the Group amounted to RMB42,000, as compared with no income tax expenses in 2022.

12. Liquidity and Source of Funding and Borrowing

The Group's total bank balances and cash decreased from RMB87.3 million as at 31 December 2022 to RMB35.5 million as at 31 December 2023. As at 31 December 2023, the current assets of the Group amounted to RMB73.4 million, including bank balances and cash of RMB35.5 million, and other current assets of RMB37.9 million. Current liabilities of the Group amounted to RMB33.2 million, of which RMB27.5 million were trade and other payables and other current liabilities of RMB5.7 million. As at 31 December 2023, the current ratio (the current assets to

current liabilities ratio) of the Group was 2.21 as compared to 9.64 as at 31 December 2022. Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group's gearing ratio as at 31 December 2023 was nil (2022: nil). The Group currently intends to finance future expansion, investments and business operations primarily with internal resources, but may explore other financing sources in appropriate circumstances.

13. Material Investments

The Group did not have any material investments during the year ended 31 December 2023.

14. Material Acquisitions

The Group did not have any material acquisitions during the year ended 31 December 2023.

15. Financial Assets at FVTPL

The Group makes investments in financial assets at FVTPL for the purposes of (i) supplementing the Group's games portfolio to drive higher monetization of our user base and profitability, (ii) exploring new business opportunities in related areas of our business eco-system for acquisitions and strategic and operational synergies, and (iii) leveraging on external financial resources for expertise and scale. As at 31 December 2023, the Group's financial assets at FVTPL amounted to RMB26.5 million (which were included as non-current assets) (31 December 2022: RMB45.8 million which were included as non-current assets).

As at 31 December 2023, the Group's investments in unlisted equity investments amounted to RMB26.5 million (which were included as non-current assets), which mainly included direct equity investments in selected startup companies mainly engaged in games or mind sports related technological research and development and direct subscription to the interests in private equity funds (the “**Private Equity Funds**”) that focus on providing early-stage funding for companies in the mind sports sector. A breakdown of the majority of these investments is set out below:

Name of Invested Company/ Private Equity Funds	Amount of Capital Contributed by the Group	Percentage of Shareholding	Principal Business
Beijing Yilian Investment Centre (L.P.)	RMB5,000,000	5%	Investment/management
Tong Xiang Juli Fengyuan Equity Investment Fund Management Partnership (L.P.)	RMB20,000,000	64.52%	Investment/management
All In Asia Culture and Tourism Development Company Limited	RMB19,574,700	20%	Tourism culture
Juyou Universe (Suzhou) Culture Science and Technology Development Co., Ltd.	RMB1,560,000	5.5883%	Internet services

For the year ended 31 December 2023, no dividends have been paid from the above invested companies as included in the non-current assets. All startup companies invested by the Group are in relatively early stage, mainly focusing on product development and launching. The startup companies are in the internet, sports and entertainment segments, which are expected to provide us with a platform to leverage on our experience and resources, and to minimise our investment risks. We believe that our investment initiative is an important aspect of our vision to build up our ecosystem as a whole. The Group will continue to seek other investment opportunities that not only create synergies on different levels but also offer high-yield return potential. The Group will continue to monitor its investment in financial assets at FVTPL in a responsible manner. There are no financial assets at FVTPL in the Group's investment portfolio that individually constitutes significant investment as none of the investments has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2023.

Movements of Financial Assets at FVTPL

The movements of financial assets at FVTPL for the year ended 31 December 2023 are set out below:

Included as Non-current Assets

Unlisted equity investments RMB'000

Balance as at 1 January 2023	45,846
Transfer in due to disposal of subsidiaries	12,821
Disposals	(756)
Fair value changes recognised in profit or loss	<u>(31,442)</u>
Fair value as at 31 December 2023	<u><u>26,469</u></u>

16. Material Disposals

During the year ended 31 December 2023 and up to date of these consolidated financial statements are authorised to issue, the Group found several events occurred for Allied Gaming & Entertainment Inc. ("AGAE", together with its subsidiaries, "AGAE Group") showing that the Group may lose control over it. The Group engaged an independent accounting advisor to assist the management to reassess the control. Based on the advice from the independent accounting advisor, the Group concluded that the control over AGAE has been lost and considered those events attributable to a deemed disposal of AGAE which became an associate of the Group as of 1 January 2023.

On 16 August 2023, the Group entered into a sale agreement to dispose 40% of its interest in a subsidiary, Beijing Lianzhong Zhihe Technology Co., Ltd. (“**Ztech**”), to AGAE Group at a consideration of USD7.0 million. The disposal was completed on 31 October 2023, on which date the control of Ztech has passed to AGAE. The Group retained 10% of equity interest in Ztech following the disposal.

17. Pledge of Assets

As at 31 December 2023 and 2022, none of the Group’s assets was pledged.

18. Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2023 (2022: nil).

19. Foreign Exchange Exposure

During the year ended 31 December 2023, the Group mainly operated in the PRC and the majority of its transactions were settled in Renminbi (“**RMB**”), being the functional currencies of the Group entities to which the transactions relate. As at 31 December 2023, the Group did not have significant foreign currency exposure from its operations.

20. Employee’s Remuneration and Policy

As at 31 December 2023, the Group had 67 employees who were responsible for games development and operation or general administration in the PRC (including Hong Kong). The total remuneration expenses (including share-based compensation expense) for the year ended 31 December 2023 were RMB33.7 million, representing a decrease of 19.4% as compared to the amount for year of 2022.

21. Recovery of Historical Receivables/Assets

In 2023, the current board of directors and management of the Company continued to recover the non-performing assets generated by the former management of the Company, including but not limited to Mr. Ng Kwok Leung Frank, such as overdue receivables and historical investments, and have already recovered a relevant amount of RMB1.1 million during the year (2022: RMB11.4 million). Anyway, the Company will continue to make every effort to recover relevant historical receivables and historical investments, and will hold relevant parties accountable for any losses and legal liabilities caused to the Company.

22. Events Occurred since the End of the Year Ended 31 December 2023

Save as disclosed in this announcement, the Group did not have any material events occurred since the end of the year ended 31 December 2023.

23. Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, the Group does not have other plans for material investments and capital assets.

24. Details of the Qualified Opinion

As disclosed in the Independent Auditor's Report for the year ended 31 December 2023, the auditor expressed a qualified opinion on the consolidated financial statements of the Group. The qualification related solely to a payment of approximately US\$430,000 (equivalent to RMB3,087,000) made to a debt collection agency and its consultant partner under a service agreement. The said agreement covered debt collection services in respect of loans previously granted by the Group's former management between 2021 and 2023.

The directors considered that, as the services had already been rendered, the entire amount should be charged to the profit or loss for the year ended 31 December 2023. However, the auditor noted that, notwithstanding the provision of periodic reports by the consultant which described the status and background of the outstanding loans over the relevant period, sufficient appropriate audit evidence was not available to ascertain the appropriate period over which the expense should be recognised.

As a result of this limitation on the scope of audit work, the auditor was unable to conclude on the appropriateness of recognising the whole payment in 2023. The auditor therefore issued a qualified opinion on the Group's consolidated financial statements for 2023. The qualification was specific to the timing of recognition of this payment and did not extend to other aspects of the consolidated financial statements.

25. Management's View on the Qualified Opinion

Management has carefully considered the basis of the auditor's qualified opinion regarding the recognition of the service fee payment of US\$430,000 (equivalent to RMB3,087,000). Management acknowledge that, although the Group had obtained service reports from the consultant evidencing the debt collection and advisory work performed during the period from 2021 to 2023, such documentation did not provide a sufficiently granular allocation of services by financial year to fully satisfy the auditor's requirements. Consequently, the auditor was unable to obtain adequate audit evidence to support the precise timing of expense recognition, and therefore expressed a qualified opinion on the consolidated financial statements for the year ended 31 December 2023.

Management respects the auditor's professional judgment in this regard and concurs with the conclusion that, in the absence of verifiable evidence allocating the services across the respective reporting periods, the recognition of the entire amount in 2023 gave rise to a limitation on audit scope. Management also recognise that this qualification only to the extent of the possible effects

of the foregoing matter on the comparative financial information for the year ended 31 December 2024 and had no carried forward effect to consolidated financial statements of the year ended 31 December 2024 and the subsequent years.

Management places strong emphasis on the integrity and transparency of financial reporting. Following this matter, management has enhanced its engagement process with the Audit Committee and have critically reviewed our accounting and internal control procedures in relation to this issue. This is intended to ensure that the Group's accounting treatment is fully aligned with applicable accounting standards and capable of meeting the evidentiary expectations of auditors.

As a result, with respect to the type of audit opinion issued by the independent auditor of the Company, the Management acknowledges and agrees with the audit opinion that the auditor had issued based on its professional and independent assessment. Through these measures, Management is confident that the specific circumstances giving rise to the qualification in 2023 will not recur in future reporting periods. The Group remains committed to maintaining high standards of financial reporting and internal control, and to working constructively with the auditor and the Audit Committee to safeguard the accuracy and reliability of its consolidated financial statements.

26. Audit Committee's View on the Qualified Opinion

The Audit Committee has reviewed the auditor's qualified opinion relating to the recognition of the service fee payment in 2023. The Audit Committee acknowledge that the limitation of evidence on the timing of services necessitated a qualification for that year. The Audit Committee further note that this qualification also only to the extent of the possible effects of the comparative financial information for the year ended 31 December 2024 and had no carried forward effect to consolidated financial statements of the year ended 31 December 2024 and the subsequent years.

As a result, with respect to the type of audit opinion issued by the independent auditor, the Audit Committee acknowledges and agrees with the audit opinion that the independent auditor had issued based on its professional and independent assessment.

The Audit Committee will continue to monitor and maintain close oversight to ensure that the Group's financial reporting remains transparent, reliable and aligned with the highest governance standards.

27. Action Plan of the Group to Address the Qualified Opinion

In response to the auditor's qualified opinion for the year ended 31 December 2023, the Group, with the assistance of an independent internal control consultant, has developed and implemented a structured remediation plan specifically addressing the control deficiencies that gave rise to the audit issue. The objective of these measures is to ensure that similar matters will not recur in future reporting periods and to reinforce the reliability of the Group's financial reporting.

With the above measures in place, the Group strongly believes that the matter giving rise to the qualified opinion will not have any consequential effect on the financial position of the Group as at 31 December 2024 and the subsequent years, nor on its financial performance and related disclosures, except for its impact on the comparative figures of 2024 in the consolidated financial statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to maintaining and promoting stringent corporate governance policies. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company (the **"Shareholders"**).

Compliance with the Corporate Governance Code

During the year ended 31 December 2023, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the **"Corporate Governance Code"**) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**).

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Listing Rules to govern securities transactions by its Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have strictly complied with the required standards as set out in the Model Code during the year ended 31 December 2023.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, review and approve connected transactions and provide advice and recommendations to the Board.

As at the date of this announcement, the Audit Committee consists of three members: Mr. Zhang Li, Mr. Ma Shaohua and Mr. Dai Bing. All of them are independent non-executive Directors. Mr. Zhang Li is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company. The figures in respect of the announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, Moore CPA Limited ("**Moore**"), to the amounts set out in the Group's audited consolidated financial statements for the year.

Scope of Work of Moore

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore on the preliminary announcement.

Extract of Independent Auditor's Report

The following is an extract of the Independent Auditor's Report:

QUALIFIED OPINION

We have audited the consolidated financial statements of Ourgame International Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 123 to 272, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the effects on the matter as described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements present fairly, in all material respects, of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Payment made during the year for debt collection services performed since 2021

As detailed in note 27(b), during the year ended 31 December 2023, the Group made a payment of US\$430,000 (equivalent to RMB3,087,000) (the “**Payment**”) under a service agreement to engage a debt collection agency (“**Debt Collector A**”) to collect an outstanding loan (which were granted out by the former management of the Group). As represented by the directors of the Company, such amount represented the service fee paid to Debt Collector A and its business consultant partner (the “**Consultant**”) for the work in sorting out the outstanding loans previously granted out by the former management of the Group during 2021 to 2023. Accordingly, the directors of the Company has considered the whole Payment amount should be charged to the profit or loss for the year ended 31 December 2023 given the Services had been provided already.

Given the circumstances described above, we sought an explanation from the directors of the Company for the basis to determine the whole Payment amount should be charged to the year ended 31 December 2023.

Although the Company has provided the Consultant’s periodic report which showed his work on the status and background of the outstanding loan during 2021 to 2023, we were unable to obtain sufficient appropriate audit evidence regarding the timing to recognise the Payment as expense. Due to the limitation on our scope of work, we were unable to satisfy ourselves as to whether the Payment was appropriately recognised in the consolidated financial statements of the Group for the year ended 31 December 2023.

Any adjustments to the figures as described above might have a consequential effect on the Group’s financial performance and cash flows for the year ended 31 December 2023 and the financial positions of the Group as at 31 December 2023, and the related disclosures thereof in the consolidated financial statements. However, those adjustments could be material but not pervasive to the consolidated financial statements of the Group as a whole, accordingly, we issued a qualified opinion on the consolidated financial statement of the Group for the year ended 31 December 2023.

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”) issued by the International Auditing and Assurance Standards Board (“**IAASB**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares, if any) during the year ended 31 December 2023.

As at 31 December 2023, the Company did not hold any treasury shares.

Material Litigation

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

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

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

On 7 February 2022, immediately after the Company applied for the Civil Complaint to be withdrawn, the Company further initiated an arbitration before the Hong Kong Arbitral Tribunal (the “**Tribunal**”) in relation to the breach of the Merit Horizon Loan Agreement, claiming against Merit Horizon for an aggregate amount of no less than HK\$97,948,090.47, being the principal, accrued interests and liquidated damages and arbitration costs as at 31 December 2021, for breach of the Merit Horizon Loan Agreement. Merit Horizon then added Glassy Mind Holdings Limited (亮智控股有限公司) (“**GMHL**”) as a party to the said arbitration case, and proposed six reliefs or remedies against GMHL. According to the disclosure of interest form filed by GMHL, it holds 291,919,848 shares of the Company, representing approximately 27.08% of the issued share capital of the Company. GMHL is also an indirect wholly-owned subsidiary of Irena Group Co., Ltd. (體育之窗文化股份有限公司) (“**iRENA**”). On 22 July 2022, the Company received a consent interlocutory award (the “**Consent Interlocutory Award**”) from the Tribunal, which decided and held that, having considered the available evidence, it appeared from the prima facie evidence that the Tribunal has jurisdiction over the case. In early June 2025, a significant court hearing was held recently but no judgment has been made. During the said hearing, representatives of the Company and relevant witnesses attended the court hearing and provided testimony. Despite requests from the relevant parties, GMHL did not notify the key personnel who led and participated in the aforementioned loans to attend this court hearing and the relevant

representatives of GMHL claimed that Ms. Fu Qiang and Mr. Chen Yibiao led and orchestrated the aforementioned loans. Furthermore, according to the preliminary investigation of the Company, the relevant individuals involved in and assisting in handling the aforementioned loans on behalf of GMHL may also have violated relevant foreign exchange regulations in the PRC. As at the date of this announcement, the arbitration proceedings are still in progress and no final arbitral award has been made.

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

Further details of the aforesaid arbitration and Litigation proceedings were set out in the Company’s announcements dated 11 January 2022, 10 July 2022, 24 July 2022, 15 September 2022, 16 September 2022, 28 November 2022, 24 August 2023, 11 December 2023, 12 February 2025 and 10 June 2025, respectively.

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

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

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

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

On 24 November 2023, the Company filed an application for enforcement of the ICC Arbitral Award at relevant court in Korea and the application was accepted by the court (the “**Execute Program**”). In May 2024, the Korean court issued a ruling in writing granting recognition and enforcement of the arbitration award. The Company has received the judgment relating to enforcement from the Korean court. After that, the Korean court has further made a determination of public disclosure of assets against Spoville and its related parties upon the Company’s application. As of the date of this announcement, the Korean court is conducting further property investigation upon the Company’s application. The Company will apply for enforcement based on the results of the property investigation.

Please refer to the announcements of the Company dated 23 March 2023, 26 May 2024, 6 August 2024 and 12 February 2025 for further details.

Save as disclosed in this announcement, the Group was not involved in any other material legal proceedings or other arbitration during the year ended 31 December 2023. Nor were the Directors aware of any material legal proceedings or claims that were pending or threatening against the Group during the year ended 31 December 2023.

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: nil).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	88,996	101,559
Cost of revenue		<u>(44,111)</u>	<u>(41,221)</u>
Gross profit		44,885	60,338
Other income	6a	7,186	2,489
Other gains and losses	6b	(3,457)	7,041
Selling and marketing expenses		(13,978)	(19,941)
Administrative expenses		(43,963)	(46,037)
Share-based compensation expense		(1,548)	(6,660)
Research and development expenses		(15,753)	(15,040)
Finance costs		(335)	(335)
Share of losses of associates, net		(5,394)	(260)
Fair value changes of financial assets			
at fair value through profit or loss (“FVTPL”)		(31,442)	(1,329)
Fair value changes of investment properties		(1,360)	—
(Impairment losses)/reversal of impairment losses under expected credit loss (“ECL”) model, net		<u>(11,108)</u>	<u>7,504</u>
Loss before income tax		(76,267)	(12,230)
Income tax expenses	7	<u>(42)</u>	<u>—</u>
Loss for the year from continuing operations		<u>(76,309)</u>	<u>(12,230)</u>
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations	8	<u>15,825</u>	<u>(71,135)</u>
Loss for the year	9	<u>(60,484)</u>	<u>(83,365)</u>
Other comprehensive (loss)/income for the year			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operation		—	51,292
Exchange difference on translation of associates’ foreign operation		3,771	—
Reclassification of cumulative other reserve upon discontinued operation		(26,933)	—
Reclassification of cumulative translation reserve upon discontinued operations of foreign operations		<u>(25,676)</u>	<u>—</u>
		<u>(48,838)</u>	<u>51,292</u>
Total comprehensive loss for the year		<u><u>(109,322)</u></u>	<u><u>(32,073)</u></u>

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i> (Restated)
Loss for the year attributable to:			
Owners of the Company			
— from continuing operations		(77,326)	(13,999)
— from discontinued operations		<u>14,561</u>	<u>(21,561)</u>
Loss for the year attributable to owners of the Company		<u>(62,765)</u>	<u>(35,560)</u>
Non-controlling interests			
— from continuing operations		1,017	1,769
— from discontinued operations		<u>1,264</u>	<u>(49,574)</u>
Profit/(loss) for the year attributable to non-controlling interests		<u>2,281</u>	<u>(47,805)</u>
		<u>(60,484)</u>	<u>(83,365)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(111,603)	(7,264)
Non-controlling interests		<u>2,281</u>	<u>(24,809)</u>
		<u>(109,322)</u>	<u>(32,073)</u>
Total comprehensive loss attributable to owners of the Company:			
— from continuing operations		(126,164)	(13,999)
— from discontinued operations		<u>14,561</u>	<u>6,735</u>
		<u>(111,603)</u>	<u>(7,264)</u>
Loss per share (expressed in RMB cents per share)	<i>11</i>		
From continuing and discontinued operations:			
Basic loss per share		(5.90)	(3.31)
Diluted loss per share		<u>(5.90)</u>	<u>(3.31)</u>
From continuing operations			
Basic loss per share		(7.27)	(1.30)
Diluted loss per share		<u>(7.27)</u>	<u>(1.30)</u>

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	31/12/2023 RMB'000	31/12/2022 RMB'000 (Restated)	1/1/2022 RMB'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		—	18,429	29,640
Right-of-use assets		—	21,207	20,527
Investment properties		1,540	2,900	2,900
Interests in associates		86,028	1,240	—
Digital assets		—	344	—
Intangible assets		—	1,879	2,411
Financial assets at FVTPL		26,469	45,846	48,615
Deferred tax assets		10	—	—
		<u>114,047</u>	<u>91,845</u>	<u>104,093</u>
Current assets				
Inventories		478	549	565
Trade and other receivables	12	37,468	74,701	53,823
Financial assets at FVTPL		—	—	7,577
Certificate of deposits		—	484,602	—
Restricted bank balances		—	34,614	34,897
Cash and cash equivalents		35,462	87,289	609,070
		<u>73,408</u>	<u>681,755</u>	<u>705,932</u>
Current liabilities				
Trade and other payables	13	27,502	57,326	53,098
Contract liabilities		3,696	1,289	16,571
Lease liabilities		1,922	11,128	7,457
Bank loan	14	—	1,000	—
Income tax liabilities		50	—	188
		<u>33,170</u>	<u>70,743</u>	<u>77,314</u>
Net current assets		<u>40,238</u>	<u>611,012</u>	<u>628,618</u>
Total assets less current liabilities		<u>154,285</u>	<u>702,857</u>	<u>732,711</u>

	<i>Notes</i>	31/12/2023 RMB'000	31/12/2022 <i>RMB'000</i> (Restated)	1/1/2022 <i>RMB'000</i> (Restated)
Non-current liabilities				
Lease liabilities		3,377	47,599	49,731
Deferred tax liabilities		2	—	—
Other payables		17	—	—
		<u> </u>	<u> </u>	<u> </u>
Subtotal		3,396	47,599	49,731
		<u> </u>	<u> </u>	<u> </u>
Net assets		150,889	655,258	682,980
		<u> </u>	<u> </u>	<u> </u>
EQUITY				
Share capital	15	335	335	335
Reserves		161,497	272,192	274,249
		<u> </u>	<u> </u>	<u> </u>
Equity attributable to equity holders of the Company		161,832	272,527	274,584
Non-controlling interests		(10,943)	382,731	408,396
		<u> </u>	<u> </u>	<u> </u>
Total equity		150,889	655,258	682,980
		<u> </u>	<u> </u>	<u> </u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Ourgame International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is Room 1301, Block A, 21 Century Tower, Chaoyang District, Beijing. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the development and operation of online card and board games, organising and broadcasting online to offline mind-sports events, tournaments, TV shows and contents.

During the current year:

1. the directors of the Company have concluded that the Company has lost control over Allied Gaming & Entertainment Inc. (“**AGAE**”), a company listed on the Nasdaq Stock Exchange in the United States of America (“**USA**”) as of 1 January 2023 following multiple events occurred. Accordingly, the results and operations for eSports business through AGAE Group for the year ended 31 December 2022 has been separately presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income; and
2. The Group has disposed of 40% equity interest in a non-wholly owned subsidiary 北京聯眾智合科技有限公司 (Beijing Lianzhong Zhihe Technology Co., Ltd., for identification purpose only, “**ZTech**”) to AGAE Group at a consideration of USD7,000,000. Ztech is engaged in the development and distribution of casual mobile games in Mainland China with its major source of revenue from online advertising services income through displaying advertisements to game players in its mobile games. Following the disposal, the Group retained 10% of equity interest in ZTech. Accordingly, the results and operations for Ztech’s operations for the years ended 31 December 2022 and 2023 have been separately presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied for the first time the following new and amendments to IFRS Accounting Standards, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual periods beginning on 1 January 2023:

IFRS 17	Insurance Contracts and related amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the adoption of the new and amendments to IFRS Accounting Standards had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. IAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “material accounting policy information” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 “Making Materiality Judgments” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRS Accounting Standards, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, certain new and amendments IFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

IFRS18	Presentation and Disclosure in Financial Statements ⁵
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁴
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²
Amendments to IFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ⁴

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

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date not yet determined

⁴ Effective for annual periods beginning on or after 1 January 2026

⁵ Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures in the notes to the financial statements and improves aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. PRIOR YEAR ADJUSTMENTS

In the preparation of the Company's consolidated financial statements for the year ended 31 December 2023, the Company discovered that certain prior years expenses have not been properly recorded in previously issued consolidated financial statements of the Company. Accordingly, prior year adjustments have been made in order to properly reflect the cut off of these expenses and the Company's consolidated statement of financial position as at 31 December 2022 and 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended and certain explanatory notes have been restated to reflect these corrections.

The Group has quantified the financial impacts on its consolidated financial statements as listed out in the tables below:

Consolidated Statement of Financial Position For the year ended 31 December 2021			
	As previously reported RMB'000	Prior year adjustments RMB'000 Note (a)(i)	As restated RMB'000
Current liabilities			
Trade and other payables	48,091	5,007	53,098
Net current assets	633,625	(5,007)	628,618
Total assets less current liabilities	737,718	(5,007)	732,711
Net assets	<u>687,987</u>	<u>(5,007)</u>	<u>682,980</u>

Consolidated Statement of Financial Position As at 31 December 2022						
	As previously reported RMB'000		Prior year adjustments			As restated RMB'000
		RMB'000 Note (a)	RMB'000 Note (b)	RMB'000 Note (b)	RMB'000 Note (c)	
Current liabilities						
Trade and other payables	46,368	7,807	4,250	(2,000)	901	57,326
Net current assets	621,970	(7,807)	(4,250)	2,000	(901)	611,012
Total asset less current liabilities	713,815	(7,807)	(4,250)	2,000	(901)	702,857
Net assets	<u>666,216</u>	<u>(7,807)</u>	<u>(4,250)</u>	<u>2,000</u>	<u>(901)</u>	<u>655,258</u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

	As previously reported RMB'000	Prior year adjustments RMB'000 <i>Note (a)(i)</i>	As restated RMB'000
Administrative expenses	(128,876)	(5,007)	(133,883)
Profit before income tax	194,292	(5,007)	189,285
Profit for the year	194,326	(5,007)	189,319
Profit for the year attributable to:			
Owners of the Company	26,504	(5,007)	21,497
Non-controlling interests	<u>167,822</u>	<u>—</u>	<u>167,822</u>
	<u><u>194,326</u></u>	<u><u>(5,007)</u></u>	<u><u>189,319</u></u>
Total comprehensive income attributable to:			
Owners of the Company	5,876	(5,007)	869
Non-controlling interests	<u>159,761</u>	<u>—</u>	<u>159,761</u>
	<u><u>165,637</u></u>	<u><u>(5,007)</u></u>	<u><u>160,630</u></u>
Earnings per share			
Basic (RMB cents)	<u><u>2.51</u></u>	<u><u>(0.47)</u></u>	<u><u>2.04</u></u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	As previously reported RMB'000	RMB'000 <i>Note (a)</i>	Prior year adjustments			As restated RMB'000
			RMB'000 <i>Note (b)</i>	RMB'000 <i>Note (b)</i>	RMB'000 <i>Note (c)</i>	
Administrative expenses (included both continuing and discontinued operations) (<i>Note (d)</i>)	(121,499)	(2,800)	(4,250)	—	(901)	(129,450)
Reversal of impairment losses under ECL model, net	5,098	—	—	2,000	—	7,098
Loss for the year	(77,414)	(2,800)	(4,250)	2,000	(901)	(83,365)
Loss for the year attributable to:						
Owners of the Company	(29,609)	(2,800)	(4,250)	2,000	(901)	(35,560)
Non-controlling interests	(47,805)	—	—	—	—	(47,805)
	<u>(77,414)</u>	<u>(2,800)</u>	<u>(4,250)</u>	<u>2,000</u>	<u>(901)</u>	<u>(83,365)</u>
Total comprehensive expense attributable to:						
Owners of the Company	(1,313)	(2,800)	(4,250)	2,000	(901)	(7,264)
Non-controlling interests	(24,809)	—	—	—	—	(24,809)
	<u>(26,122)</u>	<u>(2,800)</u>	<u>(4,250)</u>	<u>2,000</u>	<u>(901)</u>	<u>(32,073)</u>
Loss per share						
Basic (RMB cents)	<u>(2.76)</u>	<u>(0.26)</u>	<u>(0.39)</u>	<u>0.18</u>	<u>(0.08)</u>	<u>(3.31)</u>

Notes:

- (a) During the year ended 31 December 2023, the former acting chief executive officer and former non-executive director of the Company (the “**Former Acting CEO**”) has presented to the management of the Company about certain expenses paid by him on behalf of the Company of a total RMB7,807,000 and relevant document during the years ended 31 December 2021 and 2022, which were not disclosed to the Company back then, since, in the

opinion of the Former Acting CEO, considered it was at the best interest of the Company to settle those expenses on behalf of the Company back then first as the Group (excluding the bank balances held at AGAE, which is placed in USA) was tight. These expenses included the following:

i. Legal advisory expenses of RMB5,007,000

During the year ended 31 December 2021, the Company entered into an engagement letter with an international legal firm (“**Law Firm A**”) as the legal counsel in relation to professional services provided to the Company.

During that period, the Former Acting CEO has, on behalf of the Company, directly received such legal services from Law Firm A through private messages and physical meetings by himself during the year ended 31 December 2021. At the same time, the Former Acting CEO has obtained several Law Firm A’s invoices of RMB5,007,000 in aggregate directly and had settled them at his own capacity at that moment. Accordingly, the Group was not aware of these invoices during the year ended 31 December 2021.

As the expense was handled and paid by the Former Acting CEO alone on behalf of the Company without notifying other directors or employees of the Group, accordingly these expenses had not been properly recorded in the consolidated financial statements of the Company for the year ended 31 December 2021.

ii. Severance payment to two directors of AGAE recommended by the Company of RMB2,800,000

Ms. Wu (Claire) Libing (“**Ms. Wu**”) and Mr. Jerry Lewin (“**Mr. Lewin**”) were recommended by the Company as directors of AGAE during the year ended 31 December 2021 and have eventually resigned during the year ended 31 December 2022. The Former Acting CEO (who was the then Chairman of the Company and acted on behalf of the Company), had discussed and negotiated with them about their resignations. Finally, additional compensation of a total RMB2,800,000 was agreed between the Former Acting CEO with Ms. Wu and Mr. Lewin separately, on top of the severance payments paid by AGAE. The Former Acting CEO has settled the RMB2,800,000 by instalments on behalf of the Company during the years ended 31 December 2021 and 2022. As the payment was handled and paid by the Former Acting CEO alone on behalf of the Company without notifying other directors or employees of the Group, such severance payment had not been properly recorded in the consolidated financial statements of the Company for the year ended 31 December 2022.

Accordingly, prior year adjustments have been made to recognise legal fees of approximately RMB5,007,000 for the year ended 31 December 2021 and severance payments of approximately RMB2,800,000 for the year ended 31 December 2022.

- (b) During the year ended 31 December 2022, the Group has engaged a debt collection agency (“**Debt Collector A**”) to recover an overdue loan with carrying amount of RMB8,500,000 with a service fee of 50% of the recovered amount and has successfully recovered in full in the same year. However, during the preparation of the consolidated financial statements for the year ended 31 December 2023, it is noted that: (1) the service invoice for the recovery of RMB8,500,000 has not been received by the Company as of 31 December 2022 and no accrual of such services has been properly recorded during the preparation of the Group’s consolidated financial statements for the year ended 31 December 2022; and (2) out of the RMB8,500,000 amount recovered, RMB2,000,000 was settled directly to Debt Collector A, and no reversal of impairment losses under ECL model of this RMB2,000,000 has been made during the preparation of the Group’s consolidated financial statements for the year ended 31 December 2022. Accordingly, prior year adjustment of RMB4,250,000 has been made to recognise this service fee accrued and RMB2,000,000 has been made to recognise reversal of impairment losses under ECL model for the year ended 31 December 2022.

- (c) During the years ended 31 December 2021 and 2022, the Group has entered investment consulting and management services agreements with a consultancy service company (“**Consultant A**”).

However, certain of the service invoices were not issued timely by Consultant A and received by the Company as of 31 December 2022 and no accrual of such services have been properly recorded during the preparation of the Group’s consolidated financial statements for the year ended 31 December 2022. Accordingly, prior year adjustment of RMB901,000 has been made to recognise this service fee based on a straight line basis over the consultancy service contract’s service period for the year ended 31 December 2022.

- (d) The restated amount of administrative expenses of RMB129,450,000 for the year ended 31 December 2022 is represented the sum of administrative expenses from continuing operations of RMB46,037,000 as disclosed in the consolidated statement of profit or loss and other comprehensive income, AGAE Group (which is classified as discontinued operations as disclosed in note 8(a)) of RMB82,787,000 and Ztech (which is classified as discontinued operations as disclosed in note 8(b)) of RMB626,000.

4. REVENUE

	2023 RMB’000	2022 RMB’000
Continuing operations		
— Online games income	76,286	84,556
— Online advertising services income	<u>12,710</u>	<u>17,003</u>
	<u>88,996</u>	<u>101,559</u>
Timing of revenue recognition		
At a point in time	80,169	93,343
Over time	<u>8,827</u>	<u>8,216</u>
	<u>88,996</u>	<u>101,559</u>

5. SEGMENT REPORTING

Information reported to the board of directors of the Company, being the Chief Operating Decision Maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Originally, the CODM has identified the Group’s operating and reportable segments as below:

- (i) Lianzhong Group — online card and board games business carried out by Lianzhong Group; and
- (ii) AGAE Group — eSports businesses carried out by AGAE Group

However, as disclosed in Note 1, the directors of the Company have concluded that the Group has lost control over AGAE as of 1 January 2023 following multiple events occurred, accordingly, AGAE Group’s business has been separately presented as discontinued operations. Prior year segment disclosures have been re-presented.

Since there is no other discrete financial information is provided other than the Group's results and financial position as a whole on Lianzhong Group within the continuing operations, accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC	88,996	101,559	5,415	19,582
USA	—	—	82,153	25,593
Others	—	—	—	824
Total	88,996	101,559	87,568	45,999

Note: Non-currents assets excluded financial instruments and deferred tax assets.

Information about major customers

The Group has a large number of game players, no revenue from any individual game player or customer exceeded 10% or more of the Group's revenue during the years ended 31 December 2023 and 2022.

6a. OTHER INCOME

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
License fee income from discontinued operations	1,484	1,074
Sales of software to discontinued operations	1,981	—
Loan interest income	440	525
Bank interest income	93	134
Dividend income	—	23
Government grants (<i>Note</i>)	144	714
Income from provision of venues for card and board games	3,011	—
Sundry income	33	19
	7,186	2,489

Note: For the year ended 31 December 2023, government grants were received from the local government of PRC as incentives for technology innovation and value-added tax (VAT) subsidy (2022: Enterprise support scheme from Macau local government and VAT subsidy) by the group. There are no unfulfilled conditions attached to the grants.

6b. OTHER GAINS AND LOSSES

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Continuing operations			
Net foreign exchange gain		166	56
Written back of other payable	13	—	7,774
Impairment loss on property, plant and equipment		(2,074)	—
Impairment loss on right-of-use assets		(5,610)	—
Impairment loss on intangible assets		(589)	—
Reversal impairment loss/(impairment loss) on prepayments		547	(795)
Gain on modification of lease		205	6
Gain on deregistration of subsidiaries		136	—
Gain on deemed acquisition of interest in an associate		<u>3,762</u>	<u>—</u>
		<u>(3,457)</u>	<u>7,041</u>

7. INCOME TAX EXPENSES

	2023 RMB'000	2022 RMB'000
Current tax		
The PRC		
— Current year	34	—
Deferred tax		
— Current year	<u>8</u>	<u>—</u>
Income tax expenses	<u>42</u>	<u>—</u>

8. DISCONTINUED OPERATIONS

(a) Deemed disposal of AGAE Group

As disclosed in Note 1, the directors of the Company have concluded that the Group has lost control over AGAE as of 1 January 2023 following multiple events occurred, accordingly, AGAE and its subsidiaries' ("AGAE Group") business has been separately presented as discontinued operations and the deemed disposal was considered as of 1 January 2023.

The loss for the year from the discontinued AGAE Group's operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present AGAE Group's operation as a discontinued operation.

	2023 RMB'000	2022 RMB'000
Loss for the year from discontinued AGAE Group operation	—	(71,837)
Loss on disposal AGAE (Note 16(a))	<u>(46,895)</u>	<u>—</u>
	<u><u>(46,895)</u></u>	<u><u>(71,837)</u></u>

(b) Disposal of Ztech

On 16 August 2023, the Group entered into a sale agreement to dispose 40% of its interest in a non-wholly owned subsidiary, Ztech, to AGAE Group at a consideration of USD7,000,000. The disposal was completed on 31 October 2023, on which date control of Ztech has passed to AGAE. The Group retained 10% of equity interest in Ztech following the disposal.

Ztech is engaged in the development and distribution of casual mobile games in Mainland China with its major source of revenue from online advertising services income through displaying advertisements to game players in its mobile games. Accordingly, the results and operations for Ztech's operations for the years ended 31 December 2022 and 2023 have been separately presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

The profit for the period/year from the discontinued Ztech's operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Ztech's operation as a discontinued operation.

	2023 RMB'000	2022 RMB'000
Profit for the period/year from Ztech's operation	2,529	702
Gain on disposal of Ztech (Note 16(b))	<u>60,191</u>	<u>—</u>
	<u><u>62,720</u></u>	<u><u>702</u></u>

9. LOSS FOR THE YEAR

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

	2023 RMB'000	2022 RMB'000 (Restated)
Continuing operations		
Lease charges related to short-term leases	274	566
Auditors' remuneration		
Audit services	2,538	2,356
Depreciation:		
Property, plant and equipment	1,409	1,745
Right-of-use assets	<u>3,430</u>	<u>3,372</u>
Total depreciation	<u>4,839</u>	<u>5,117</u>
Staff costs (including directors' emoluments):		
Salaries, allowances and other benefits	25,879	27,535
Retirement benefits	5,670	7,360
Severance payments	597	269
Equity-settled share-based payments	<u>1,548</u>	<u>6,660</u>
	33,694	41,824
Amortisation of intangible assets	1,160	1,392
Net foreign exchange gain	<u>(166)</u>	<u>(56)</u>

10. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

11. LOSS PER SHARE

From continuing operations

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2023 RMB'000	2022 RMB'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(62,765)	(35,560)
Less: (Earnings)/loss for the year from discontinued operations	<u>(14,561)</u>	<u>21,561</u>
Loss for the purpose of basic loss per share from continuing operations	<u>(77,326)</u>	<u>(13,999)</u>
	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,063,168</u>	<u>1,073,222</u>

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2023 RMB'000	2022 RMB'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(62,765)</u>	<u>(35,560)</u>

The denominators used are the same as those detailed above for basic loss per share from continuing operations.

From discontinued operations

For the year ended 31 December 2023, basic earnings per share for the discontinued operation was RMB1.37 cents per share (2022: basic loss per share for the discontinued operations was RMB2.01 cents per share), based on the earnings for the year attributable to owners of the Company from the discontinued operations of RMB14,561,000 (2022: loss of RMB21,561,000) and the denominators used are the same as those detailed above for basic loss per share from continuing operations.

For the year ended 31 December 2023 and 2022, the computation of diluted earnings/loss per share does not assume the exercise of the Company's options/warrants because the exercise price of those options/warrants was higher than the average market price for shares for both 2023 and 2022.

12. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Trade receivables	<i>(a)</i>		
From third parties		1,486	13,274
Less: ECL allowance		<u>(723)</u>	<u>(1,089)</u>
		<u>763</u>	<u>12,185</u>
Prepayments			
Prepaid expenses	<i>(b)</i>	3,834	3,651
Prepaid advertising expenses	<i>(c)</i>	<u>5,800</u>	<u>15,000</u>
		9,634	18,651
Less: Impairment losses		<u>(527)</u>	<u>(1,074)</u>
		<u>9,107</u>	<u>17,577</u>
Other receivables and deposits			
Advances to the Former Acting CEO	<i>(d)</i>	2,839	—
Deposit paid to supplier		8	6,647
Advance to employees		1,225	1,421
Interest receivable from certificate of deposits		—	4,690
Amount due from an associate		1,553	672
Value-added tax (“VAT”) recoverable		1,570	1,127
Others		<u>4,944</u>	<u>4,276</u>
		12,139	18,833
Less: ECL allowance		<u>(2,394)</u>	<u>(504)</u>
		<u>9,745</u>	<u>18,329</u>
Loan and interest receivables			
Loan and interest receivables	<i>(e)</i>	63,468	63,468
Loan and interest to Mr. Ng (as defined in Note 17)	<i>(f)</i>	<u>6,905</u>	<u>6,509</u>
		70,373	69,977
Less: ECL allowance		<u>(52,520)</u>	<u>(43,367)</u>
		<u>17,853</u>	<u>26,610</u>
Trade and other receivables		<u><u>37,468</u></u>	<u><u>74,701</u></u>

Notes:

- (a) As at 1 January 2022, trade receivables from contracts with customers amounted to RMB2,121,000.

The following is an aged analysis of gross receivables presented based on date of rendering of services.

	2023 RMB'000	2022 RMB'000
0–30 days	578	3,164
31–60 days	99	8,232
61–90 days	20	132
91–180 days	18	744
181–365 days	43	148
Over 1 year	728	854
	<u>1,486</u>	<u>13,274</u>

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB812,000 (2022: RMB8,156,000) which are past due as at the reporting date. Out of the past due balances, RMB88,000 (2022: RMB140,000) has been past due 90 days or more and is not considered as in default because considering the continuous business relationship and historical repayments from these customers.

- (b) During the year ended 31 December 2023, the Group made a payment of US\$430,000 (equivalent to RMB3,087,000) (the “**Payment**”) under a service agreement to engage Debt Collector A to collect on an outstanding loan (which were granted out by former management of the Group). According to the service agreement signed with Debt Collector A, the service period will end by 31 December 2024. However, based on the representations of the directors of the Company, the whole Payment amount actually included the service fee payable to Debt Collector A and its business consultant partner (the “**Consultant**”) for the work performed during 2021 to 2023 in sorting out and recovering the outstanding loans granted out by former management of the Company. Accordingly, the directors of the Company considered the Payment should be credited to the profit or loss for the year ended 31 December 2023 given the services had been provided already.
- (c) As at 31 December 2022, included in the prepaid advertising expenses of RMB8,000,000 represented a prepayment to a marketing company (the “**Marketing Company**”) for the promotion of an online game which the Group originally expected to be launched during the year ended 31 December 2022.

However, such game was unable to be launched due to unforeseen reasons such as adjustments made to internal company policies of the online platforms. Furthermore, this prepaid promotion expenses were utilized and should be refunded to the Company.

In December 2023, the Former Acting CEO has presented the details about the expenses paid by him on behalf of the Group of RMB7,807,000 during the years ended 31 December 2021 and 2022 as disclosed in Note 3(a), the directors of the Company considered it is in the best interest and most cost efficient for the Group to enter into an offsetting agreement among the Group, the Marketing Company and an independent company in the PRC which acted as an agent designated by the Former Acting CEO (the “**Destinated Agent**”), such that the amount due to the Former Acting CEO and the prepayment to the Marketing Company could be offset directly.

Accordingly, based on the offsetting agreement entered into in December 2023, the prepayment to the Marketing Company and the amount due to the Former Acting CEO has been offset and treated as non-cash transactions as at 31 December 2023.

- (d) Subsequent to the end of the reporting period, the Former Acting CEO has repaid all the outstanding cash advances and has resigned all his positions with the Group.
- (e) As at 31 December 2023 and 2022, the loans to third parties are due within next 12 months and are included in current portion respectively. The amount mainly comprises of:
- (i) Loan and interest receivable of RMB28,128,000 secured by a personal guarantee of Ms. Fu Qiang, a then non-executive director of the Company and has been fully impaired on previous years;
 - (ii) KRW1,850,000,000 (equivalent to approximately RMB13,285,000) unsecured loan to Spoville and has been fully impaired on previous years;
 - (iii) Loan and interest receivables of RMB21,887,000 from an associate, secured by properties in the PRC; and
 - (iv) In 2022, loan interest receivables of RMB168,000 were secured by unlisted equity interest in companies of the debtors incorporated in the PRC and have been fully impaired in previous years.
- (f) The Loan to Mr. Ng has been lent by the Company in 2018, During the year ended 31 December 2023, approximately US\$645,000 (equivalent to approximately HK\$5 million) should have been settled through settlement arrangements from an amount due by AGAE to Mr. Ng and Debt Collector A, however, Mr. Ng has filed the Arbitration (as defined in Note 17) in relation to these arrangements. The collected amount of US\$645,000 is now transferred to the Escrow Account until the Arbitration is concluded. Details about the Arbitration has been disclosed in Note 17.

The directors of the Company has fully impaired the Loan as at 31 December 2023 (2022: ECL allowance of RMB1,786,000) as there is uncertainty on the recoverability of the Loan as the Arbitration is still in progress.

13. TRADE AND OTHER PAYABLES

		31/12/2023 RMB'000	31/12/2022 RMB'000 (Restated)	1/1/2022 RMB'000 (Restated)
	<i>Notes</i>			
Trade payables	<i>(a)</i>	<u>4,137</u>	<u>13,679</u>	<u>10,053</u>
Other payables				
Other payables and accrued charges	<i>(b)</i>	9,593	15,083	19,432
Staff costs and welfare accruals		4,654	15,218	17,566
Amount due to the Former Acting CEO (<i>Note 3(a)</i>)		—	7,807	5,007
Amount due to associates		4,328	—	—
Accrued debt collection services fee (<i>Note 3(b)</i>)		2,250	2,250	—
Accrued consultancy services fee (<i>Note 3(c)</i>)		656	901	—
VAT and other tax payables		<u>1,884</u>	<u>2,388</u>	<u>1,040</u>
		<u>23,365</u>	<u>43,647</u>	<u>43,045</u>
		<u>27,502</u>	<u>57,326</u>	<u>53,098</u>

Notes:

(a) Trade payables

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

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

	2023 RMB'000	2022 RMB'000
0–30 days	961	7,804
31–60 days	36	2,360
61–90 days	30	222
91–180 days	23	237
181–365 days	15	501
Over 1 year	<u>3,072</u>	<u>2,555</u>
	<u>4,137</u>	<u>13,679</u>

- (b) During the year ended 31 December 2022, other payables of RMB7,774,000 was written back as the creditor has been deregistered in the PRC.

14. BANK LOAN

	2023 RMB'000	2022 RMB'000
Current portion		
Bank loan	<u>—</u>	<u>1,000</u>

As at 31 December 2022, the bank loan was unsecured, interest-bearing at a fixed rate of 3.65% per annum and repayable within one year. The amount is denominated in RMB. The bank loan was guaranteed by an independent third party, which charged the Group a guarantee fee and a review fee of 0.8% and 0.7% per annum respectively based on the loan principal amount.

15. SHARE CAPITAL

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

	Number of shares	Nominal value of shares <i>US\$'000</i>	Equivalent nominal value of shares <i>RMB'000</i>
Authorised:			
<i>Ordinary shares:</i>			
At 31 December 2022 and 2023	<u>10,000,000,000</u>	<u>500</u>	
Issued and fully paid:			
<i>Ordinary shares:</i>			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>1,077,799,887</u>	<u>55</u>	<u>335</u>

As at 31 December 2023, the Company held 2,200,000 shares of the Company through trustee (2022: 11,453,000 shares) under the share award scheme.

16. DISPOSAL OF SUBSIDIARIES

(a) Deemed disposal of AGAE Group

As refined to in note 1, the directors of the Company have concluded that the Group has lost control over AGAE and considered a deemed disposal of AGAE as of 1 January 2023. The net assets of AGAE Group at the date of deemed disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	<i>RMB'000</i>
Property, plant and equipment	15,004
Right-of-use assets	10,912
Digital assets	344
Intangible assets	158
Trade and other receivables	11,342
Certificate of deposits	484,602
Restricted bank balances	34,614
Cash and cash equivalents	77,311
Trade and other payables	(13,589)
Contract liabilities	(751)
Lease liabilities	<u>(48,713)</u>
Net assets disposed of	<u><u>571,234</u></u>

Loss on disposal of AGAE Group:

	<i>RMB'000</i>
Fair value of retained investment (interests in associates)	78,150
Less: Net assets disposed of	(571,234)
Non-controlling interests	393,580
Reclassification of cumulative translation reserve	25,676
Reclassification of cumulative other reserve	<u>26,933</u>
Loss on disposal	<u><u>(46,895)</u></u>
Net cash outflow arising on disposal	<u><u>77,311</u></u>

(b) Disposal of Ztech

As referred to in note 1, the Group has disposed 40% equity interest in Ztech to AGAE Group at a consideration of USD7,000,000 (equivalent to approximately RMB50,245,000). Following the disposal, the Group retained 10% interest in Ztech which is therefore classified as financial assets at FVTPL. The net assets of Ztech at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	<i>RMB'000</i>
Property, plant and equipment	556
Right-of-use assets	1,787
Trade and other receivables	2,055
Cash and cash equivalents	4,150
Trade and other payables	(1,478)
Lease liabilities	<u>(1,839)</u>
Net assets disposed of	<u><u>5,231</u></u>

Gain on disposal of Ztech:

	<i>RMB'000</i>
Consideration received	50,245
Fair value of retained investment (financial assets at FVTPL)	12,562
Less: Net assets disposed of	(5,231)
Non-controlling interests	<u>2,615</u>
Gain on disposal	<u><u>60,191</u></u>
Net cash inflow arising on disposal:	
Cash consideration	50,245
Less: cash and cash equivalents disposal of	<u>(4,150)</u>
	<u><u>46,095</u></u>

17. OTHER LITIGATIONS/ARBITRATIONS

Arbitration from Mr. Ng Kwok Leung Frank (“Mr. Ng”) against AGAE

As disclosed in note 12, there was an outstanding loan and interest payable by Mr. Ng, the former executive director and former chief executive officer of the Company and, also the former director and chief executive of AGAE, with gross amount of RMB6,905,000 (the “**Loan**”), which was granted out by the Company when Mr. Ng was the executive director and chief executive officer of the Company.

In July 2023, an instruction letter was issued by Mr. Ng to AGAE via email (the “**Instruction Letter**”). Pursuant to which, Mr. Ng instructed AGAE to pay Mr. Ng the amount of US\$1,000,000 (which represented the outstanding severance payment to Mr. Ng from AGAE), less any taxes that were required to be withheld and deducted to Debt Collector A.

In late July 2023, the Company also has entered into with Debt Collector A and Mr. Ng a settlement agreement (the “**Settlement Agreement**”) such that approximately US\$645,000 (equivalent to approximately HK\$5 million) received by Debt Collector A, would offset the outstanding amount of approximately HK\$5 million of the Loan. Out of this settlement, Debt Collector A was entitled to 50% of the settlement as debt collection service fee.

However, the Company was later being notified that, in October 2023, Mr. Ng has filed an arbitration case (the “**Arbitration**”) with the American Arbitration Association (“**AAA**”) for the outstanding payment of US\$1,000,000 against AGAE. In April 2024, Mr. Ng filed a motion to include a cause of action of fraud with the AAA, claiming that Mr. Ng’s email account used in the communications with AGAE about the settlement, the Instruction Letter and the Settlement Agreement were fraudulent and purportedly signed by Mr. Ng. Following Mr. Ng’s motion, AGAE had submitted a reply to oppose Mr. Ng’s motion to AAA and up to the date of approval of this consolidated financial statements, the Arbitration is currently still in the process of discovery, with the evidentiary hearing to be scheduled in early November 2025.

In 2024, given the Arbitration is still in progress, the amount of approximately US\$645,000 previously received and collected by the Company were transferred to an escrow account until the Arbitration is concluded.

Litigation from Knighted Pastures, LLC (“Knighted”)

On 7 March 2024, Knighted, the second largest shareholder of AGAE, filed a complaint in the Court of Chancery of the State of Delaware (the “**Court**”) against AGAE (as a nominal defendant), the directors of AGAE, Primo Vital Limited (subsidiary of the Company which directly held AGAE’s shares) and Elite Fun Entertainment Co. (“**Elite Fun**”), an independent third party, (the “**Knighted Action**”). The complaint alleged, among other things, that the directors of AGAE breached their fiduciary duty in connection with (1) the approval of a share purchase agreement that AGAE entered into on or around 28 December 2023, (2) the approval and adoption of certain amendments to AGAE’s Bylaws on or around 5 January 2024, and (3) the approval and adoption of a rights agreement (in relation to AGAE declared a dividend of one preferred share purchase right for each outstanding share of AGAE’s common stock, where the right has the right to purchase a newly designated preferred share of AGAE) on or around 9 February 2024. The Knighted Action sought both injunctive reliefs and money damages.

On 20 June 2024, following expedited discovery and entry of resolutions by the directors of AGAE addressing issues raised by the Knighted Action, the Court entered an order granting in part AGAE and the directors of AGAE’s motion to dismiss the Knighted Action as moot. The Court therefore cancelled the trial in the Knighted Action. The Court ordered the parties to submit further filings on Knighted’s claim for attorneys’ fees and costs and any other issues required to bring the Knighted Action to a final conclusion. On 2 August 2024, Knighted filed a motion for an attorney’s fee award based on the purported corporate benefit its case provided to AGAE and its other shareholder (including Primo Vital Limited).

On 28 August 2024, the Court granted Knighted an attorney’s fee award of US\$3 million which was paid by AGAE on 11 September 2024. On 4 October 2024 and 30 October 2024, AGAE received reimbursements of US\$0.6 million and US\$3.1 million, respectively, from its directors’ and officers’ insurance carrier representing the attorney fee award and its defense costs in excess of the policy’s retention amount.

On 12 November 2024, Knighted filed a complaint in the Court against AGAE, the directors of AGAE, Primo Vital Limited (subsidiary of the Company which directly held AGAE) and certain additional defendants (the “**Second Knighted Action**”). Knighted filed the Second Knighted Action alleging breach of fiduciary duty in connection with approving the recent strategic investment with Yellow River Capital group (“**Yellow River**”) and the securities purchase agreement with Blue Planet New Energy Technology Ltd, an affiliate of Yellow River. The Second Knighted Action seeks both injunctive relief and money damages. AGAE believed the claims in the Second Knighted Action lack merit and intends to defend against them vigorously.

On 25 April 2025, AGAE approved resolutions addressing issues raised by the Second Knighted Action. On that date, AGAE and the directors of AGAE defendants filed a motion to dismiss the complaint as moot, or in the alternative stay the action pending the outcome of AGAE’s 2024/2025 combined annual meeting (“**AGAE’s Annual Meeting**”). On 29 April 2025, the Court granted the motion with modifications, continued the trial without rescheduling any date, and staying the case pending the outcome of the combined annual meeting.

On 11 June 2025, AGAE filed a complaint in the United States District Court for the Central District of California alleging Knighted and its Managing Partner, Roy Choi, as well Naomi Choi, Mr. Choi’s mother, and Yiu-Ting So, a long time business partner of Mr. Choi acted as an undisclosed “group” in violation of Section 13(d) of the Securities Exchange Act of 1934, failing to disclose to stockholders that Naomi Choi and Yiu-Ting So’s are acting in coordination with Mr. Choi to support Knighted’s bid to replace AGAE’s board of directors with its hand-picked designees.

On 1 August 2025, the United States District Court for the Central District of California issued an order that AGAE's Annual Meeting not be postponed and enjoining AGAE and Knighted from conducting any vote regarding changes to the composition of AGAE's board of directors at the AGAE's Annual Meeting. As such, AGAE's Annual Meeting held on 4 August 2025, but no vote any of the changes to the composition of AGAE's board of directors.

Since AGAE is unable to reasonably estimate the amount of the loss, or range of loss, related to the Second Knighted Action, no accrual for this contingency has been included in both the consolidated financial statements of the Company and AGAE's consolidated financial statements.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at www.hkexnews.hk and the Company at www.lianzhong.com. The annual report of the Group for the year ended 31 December 2023 will be published on the aforesaid websites in due course.

CONTINUED SUSPENSION OF TRADING

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

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

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

Beijing, 10 September 2025

For purpose of this announcement, the exchange rates of US\$1 = RMB7.0698 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

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

* *For identification purpose only*