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GAMEONE HOLDINGS LIMITED

智傲控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8282)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Gameone Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021, together with the audited comparative figures for the preceding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

| | | 2021 | 2020 |
|--|--------------|------------------------|-----------------|
| | <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | <i>5</i> | 84,495 | 51,304 |
| Cost of services rendered | | <u>(51,611)</u> | <u>(40,571)</u> |
| Gross profit | | 32,884 | 10,733 |
| Other income | <i>5</i> | 685 | 3,411 |
| Selling expenses | | (21,060) | (10,973) |
| Administrative expenses | | (11,879) | (11,114) |
| Other expenses | | (30) | (2,078) |
| Finance cost | | <u>(44)</u> | <u>(49)</u> |
| Profit/(loss) before income tax | <i>6</i> | 556 | (10,070) |
| Income tax credit | <i>7</i> | <u>—</u> | <u>—</u> |
| Profit/(loss) for the year | | <u>556</u> | <u>(10,070)</u> |
| Other comprehensive income | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange difference on translation of financial statements of foreign operations | | <u>45</u> | <u>(1,016)</u> |
| Other comprehensive income for the year | | <u>45</u> | <u>(1,016)</u> |
| Total comprehensive income for the year | | <u>601</u> | <u>(11,086)</u> |
| Earnings/(losses) per share | <i>9</i> | | |
| – Basic and Diluted (expressed in HK cents per share) | | <u>0.35</u> | <u>(6.29)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| | Notes | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------|-------------------------|-------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 539 | 316 |
| Intangible assets | | 6,481 | 2,858 |
| Cryptocurrencies | | – | – |
| Right-of-use assets | | 1,009 | 2,358 |
| | | <u>8,029</u> | <u>5,532</u> |
| Current assets | | | |
| Trade receivables | 10 | 4,414 | 3,558 |
| Prepayments, deposits and other receivables | 11 | 6,876 | 6,514 |
| Cash at banks and on hand | | 35,423 | 38,158 |
| | | <u>46,713</u> | <u>48,230</u> |
| Current liabilities | | | |
| Trade payables | 12 | 3,010 | 1,800 |
| Accrued expenses and other payables | 13 | 5,932 | 4,726 |
| Contract liabilities | 13 | 10,074 | 10,771 |
| Tax payable | | 77 | 77 |
| Lease liabilities | | 997 | 1,340 |
| | | <u>20,090</u> | <u>18,714</u> |
| Net current assets | | <u>26,623</u> | <u>29,516</u> |
| Total assets less current liabilities | | <u>34,652</u> | <u>35,048</u> |
| Non-current liabilities | | | |
| Lease liabilities | | – | 997 |
| Net assets | | <u><u>34,652</u></u> | <u><u>34,051</u></u> |
| EQUITY | | | |
| Share capital | | 1,600 | 1,600 |
| Reserves | | 33,052 | 32,451 |
| Total equity | | <u><u>34,652</u></u> | <u><u>34,051</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. CORPORATE INFORMATION

Gameone Holdings Limited was incorporated in Cayman Islands with limited liability under the Companies Law of Cayman Islands on 14 April 2010. The Company's registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands. The Company's principal place of business is located at Unit No.07, 5/F, Workingberg Commercial Building, Nos.41-47 Marble Road, Hong Kong.

The Company's shares were listed on GEM of the Stock Exchange since 13 January 2016.

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries are to engage in development, operation, publishing and distribution of online and mobile games (the "**Core Business**") in Hong Kong, People's Republic of China (the "**PRC**") and Taiwan.

In the opinion of the directors, the Company's parent and ultimate is Topliu Limited, a company incorporated in the British Virgin Islands (the "**BVI**").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amended HKFRSs – effective 1 January 2021

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

| | |
|--|-----------------------------------|
| Amendment to HKFRS 16 | Covid-19 Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2 | |
| HKFRS 7, HKFRS 4 and HKFRS 16 | |

None of these amended HKFRSs has 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. The Group did not applied any new or amended HKFRSs in advance, that is yet to be effective for the current accounting period.

Amendment to HKFRS 16 – Covid -19- Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to be assessed regardless of whether the rent concession meets the definition of lease modification or not. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group's re-measurement of the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

There is no material impact on the Group's financial positions and performance for the current and prior years on initial application of the amendment.

The amendments provide lessees with an exemption from the requirement to determine whether a Covid-19-related rent concession is a lease modification and require lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications. The criteria must be satisfied for a rent concession to qualify for the practical expedient.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) the changes of contractual cash flows in which an entity do not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the changes to the alternative benchmark rate; (b) hedge accounting in which an entity does not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity is required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been adopted by the Group in advance. The Group's current intention is to apply these changes on the date they become effective.

| | |
|--|--|
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 ¹ |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ² |
| Amendment to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use ² |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract ² |
| Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 | Annual Improvements to HKFRSs 2018-2020 ² |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³ |
| HKFRS 17 | Insurance Contracts and the related Amendments ³ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ³ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ³ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |

¹ Accounting periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements – interim or annual – not authorised for issue at 9 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ No mandatory effective date yet determined but available for adoption.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Directors do not anticipate that the application of these amendments will have an impact on the Group's consolidated financial statements.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

These amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Directors do not anticipate that the application of these amendments will have an impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020

The Annual Improvements to HKFRSs 2018-2020 amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The Directors do not anticipate that the application of these amendments and revision in the future will have an impact on the Group’s consolidated financial statements.

HKFRS 17, Insurance Contracts and the related Amendments

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a ‘General Model’, which is modified for insurance contracts with direct participation features, described as the ‘Variable Fee Approach’. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The Directors do not anticipate that the application of this standard in the future will have an impact on the Group’s consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. 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 their primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the Group’s consolidated financial statements.

Amendments to HKAS 8, Definition of Accounting Estimates

These amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the Group’s consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These amendments narrow the scope of the initial recognition exception so that it does not apply to transactions that give rise to equal and offsetting temporary differences. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liabilities for temporary differences arising from these transactions.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of consolidated financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

(b) Basis of measurements

The financial statements have been prepared under the historical cost convention.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive Directors in order to allocate resources and assess performance of the segment. During the year, executive Directors regularly review revenue and operating results derived from development, operation, publishing and distribution of online and mobile games and consider as one single operating segment. No other discrete financial information is reported to executive Directors.

The Group recognises the game operating income from (i) the revenues attributable to durable in-game virtual items ratably over the Player Relationship Period of the paying players; and (ii) the revenue attributable to consumable in-game virtual items at point in time when the items are consumed and the related services are rendered. Moreover, the license fee income are recognised over time while the game publishing income is recognised at a point in time.

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its country of domicile.

Geographical information

The Group's revenue and information about its non-current assets by geographical location are detailed below.

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| Revenue | | |
| By country/region | | |
| Hong Kong (place of domicile) | 69,870 | 44,811 |
| Taiwan | 14,625 | 6,493 |
| | <u>84,495</u> | <u>51,304</u> |

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| Non-current assets | | |
| By country/region | | |
| Hong Kong (place of domicile) | 7,956 | 5,499 |
| Taiwan | 73 | 33 |
| | <u>8,029</u> | <u>5,532</u> |

Information about major customers

There is no single customer contributed to 10% or more revenue to the Group's revenue for the year.

5. REVENUE AND OTHER INCOME

Disaggregation of revenue from contracts with the customers by type categories and other income are as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Revenue from contracts with customers within the scope of HKFRS 15: | | |
| Game operation income | 72,474 | 49,921 |
| Game publishing income | 371 | 685 |
| Royalty income | 10,989 | 98 |
| License fee income | <u>661</u> | <u>600</u> |
| | <u>84,495</u> | <u>51,304</u> |
| Other income | | |
| Interest income | 2 | 264 |
| Gain on disposal of cryptocurrencies | 403 | – |
| Government grants | – | 2,624 |
| Other income | <u>280</u> | <u>523</u> |
| | <u>685</u> | <u>3,411</u> |
| | <u>85,180</u> | <u>54,715</u> |

6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax expense is arrived at after charging/(crediting):

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| <i>Under cost of services rendered:</i> | | |
| Amortisation of intangible assets | 4,555 | 2,199 |
| Royalty expenses | 19,072 | 11,690 |
| Services charged by game distribution channels | 18,369 | 11,721 |
| <i>Under administrative expenses:</i> | | |
| Auditor's remuneration | 550 | 449 |
| Exchange gain, net | (63) | (206) |
| Rental expense on short-term leases | 311 | 194 |
| Depreciation of right-of-use assets | 1,349 | 1,642 |
| <i>Under finance cost:</i> | | |
| Interest expenses on lease liabilities | 44 | 49 |
| <i>Under other expenses:</i> | | |
| Impairment on intangible assets | – | 2,078 |
| Intangible assets written off | 30 | – |
| Depreciation of property, plant and equipment: | | |
| – Under cost of services rendered | 182 | 394 |
| – Under administrative expenses | 36 | 249 |
| | 218 | 643 |
| Staff costs excluding directors' remuneration: | | |
| – Salaries and allowances | 9,544 | 13,883 |
| – Contributions on defined contribution retirement plan | 647 | 613 |
| | 10,191 | 14,496 |

7. INCOME TAX CREDIT

No Profits Tax for the Taiwan branch has been provided as the Taiwan branch has not generated any tax assessable profits in Taiwan for both years. A provision for the EIT in the Taiwan is calculated at the applicable rate of 20% in accordance with the relevant laws and regulation in Taiwan.

No provision for Hong Kong Profits Tax was made as the Group has not generated any tax assessable profits in Hong Kong for both years. A provision for Hong Kong Profits Tax is calculated at the applicable rate of 16.5% for the Group's estimated assessable profits derived in Hong Kong.

Reconciliation between income tax credit and accounting profit/(loss) at applicable tax rate is as follows:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|--------------------------------|------------------|
| Profit/(loss) before income tax | 556 | (10,070) |
| Tax on profit/(loss) before income tax, calculated at rates applicable to profits in the tax jurisdictions concerned | 494 | (933) |
| Tax effect of non-deductible expenses | 128 | 334 |
| Tax effect of non-taxable revenue | (533) | (466) |
| Tax effect of temporary difference not recognised | 176 | – |
| Tax effect of tax losses not recognised | 31 | 1,209 |
| Utilisation of tax losses previously not recognised | (296) | (144) |
| Income tax credit | – | – |

As at 31 December 2021, the Taiwan branch has unused tax losses of approximately HK\$15,469,000 (2020: HK\$15,308,000) available for offset against future taxable profits in Taiwan. No deferred tax assets have been recognised in respect of these tax losses due to the unpredictability of future profit streams. These tax losses can be carried forward for a period of 10 years.

As at 31 December 2021, the Group excluding Taiwan branch has unused tax losses of approximately HK\$44,424,000 (2020: HK\$46,695,000) available for offset against future taxable profits. No deferred tax assets have been recognised in respect of these tax losses due to unpredictability of future profit streams. These tax losses can be carried forward indefinitely.

8. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the year (2020: Nil).

9. EARNINGS/(LOSSES) PER SHARE

The calculation of basic earnings/(losses) per share is based on the profit/(loss) for the year attributable to the owners of the Company amounted to approximately HK\$556,000 (2020: Loss of approximately HK\$10,070,000) and on the basis of the weighted average number of 160,000,000 ordinary shares (2020: 160,000,000 ordinary shares) in issue.

Diluted earnings/(losses) per share were the same amount as the basic earnings/(losses) per share as the Group has no dilutive potential ordinary shares during the years ended 31 December 2021 and 2020.

10. TRADE RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Trade receivables | <u>4,414</u> | <u>3,558</u> |

The Group normally allows credit period within 60 days to its trade debtors. At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis.

The ageing analysis of trade receivables (net of impairment losses), based on the invoice date, as of the end of the reporting period is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Not more than 30 days | 3,061 | 3,293 |
| 30-60 days | 605 | 256 |
| Over 60 days | <u>748</u> | <u>9</u> |
| | <u>4,414</u> | <u>3,558</u> |

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year ended 31 December 2021, the Group has no written off trade receivables (2020: Nil) directly to the profit or loss for the year. The expected credit loss rate on trade receivables was assessed to be minimal and no provision was made for the year.

The Directors consider that the carrying amounts of trade receivables approximate their fair value.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Prepayments | 6,127 | 5,699 |
| Deposits | 470 | 534 |
| Other receivables | <u>279</u> | <u>281</u> |
| | <u>6,876</u> | <u>6,514</u> |

12. TRADE PAYABLES

The Group's trade payables mainly due to its suppliers which are aged within 30 days, based on invoice date.

13. ACCRUED EXPENSES, OTHER PAYABLES AND CONTRACT LIABILITIES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|------------------|-------------------------|-------------------------|
| Accrued expenses | 3,188 | 3,330 |
| Other payables | <u>2,744</u> | <u>1,396</u> |
| | <u>5,932</u> | <u>4,726</u> |

CONTRACT LIABILITIES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------------|-------------------------|-------------------------|
| Receipt in advance | 699 | 1,595 |
| Deferred income | <u>9,375</u> | <u>9,176</u> |
| | <u>10,074</u> | <u>10,771</u> |

Typical payment terms which impact on the amount of contract liabilities are as follows:

Receipt in advance represents the advance received from licensee.

Deferred income represents the unutilised game credit of income received in respect of in-game virtual items paid by Paying Players.

Movements in contract liabilities

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Balance as at 1 January | 10,771 | 8,535 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year | (10,084) | (8,535) |
| Increase in contract liabilities as a result of unamortised portion of income received in respect of in-game virtual items paid by Paying Players and prepaid royalty by licensee | <u>9,387</u> | <u>10,771</u> |
| Balance at 31 December | <u>10,074</u> | <u>10,771</u> |

Unsatisfied long-term license contract

The following table shows unsatisfied performance obligations resulting from long-term fixed price license contract.

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Aggregate amount of the transaction price allocated to long-term license contract that are partially or fully unsatisfied as at 31 December | <u>687</u> | <u>1,237</u> |

The Directors expect that the transaction price allocated to the unsatisfied contract as of 31 December 2021 is recognised approximately HK\$550,000 as revenue in the 2021 financial year and approximately HK\$550,000 will be recognised as revenue in the 2022 financial year. The remaining approximately HK\$137,000 will be recognised in the 2023 financial year. The amount disclosed above does not include variable consideration which is constrained.

Other license contract and deferred income for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed.

The Directors consider that the carrying amounts of accrued expenses, other payables and contract liabilities approximate their fair values.

14. CAPITAL COMMITMENTS

(a) Capital commitments

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Capital expenditure in respect of acquisition of intangible assets contracted but not provided for – License right | <u>3,447</u> | <u>1,022</u> |

(b) Commitments for investment in an unlisted PRC subsidiary

On 28 December 2021, the Group established a wholly owned subsidiary, Zhejiang Gameone Holding Group Limited (浙江智傲控股集團有限公司) (“**Zhejiang Gameone**”) in the PRC with registered capital of RMB50,000,000 (equivalent to approximately HK\$61,350,000). As at 31 December 2021, the Group has not yet contributed any capital to Zhejiang Gameone. As at 31 December 2021 and up to the date of this announcement, the Group has not yet contributed any capital to Zhejiang Gameone. In accordance with the memorandum of association of Zhejiang Gameone, the aforementioned capital contribution shall be made to Zhejiang Gameone on or before 27 December 2070.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are an integrated game developer, operator and publisher focusing on the market of Hong Kong and Taiwan. We operate and publish our self/co-developed and licensed games in Hong Kong and Taiwan primarily through our game distribution platforms as well as other third-party distribution platforms. We collect payments from players either through our own game platform, third-party distribution platforms such as Apple Store and Google Play, or third-party payment vendors, which include convenience stores selling prepaid game cards/vouchers. We consider such integration of upstream and downstream services in the value chain of the game industry has provided us with a better market position.

The outbreak of the novel Coronavirus 2019 since the beginning of 2020 is a fluid and challenging situation faced by all the industries of Hong Kong and even worldwide. In the financial year ended 31 December 2021, the Group recorded a net profit of approximately HK\$0.6 million as compared to a net loss of approximately HK\$10.1 million for the same period in 2020. The improvement in profitability was mainly attributable to (i) the significant increase in game revenue of the Group's licensed games, "Teddy Boy M (古惑仔 M)" and "ACE SOCCER (球場風雲)", which were launched in the second and third quarters of 2021 respectively; and (ii) the steady increase in gross profit during the financial year ended 31 December 2021. In order to increase our market share in the mobile game industry, we plan to expand our business through both organic growth and strategic partnerships. We intend to selectively invest in or enter into strategic partnerships with complementary game developers, development teams, other game operators and distributors in order to broaden the scope, spectrum and reach of our games, particularly mobile games. The Board will closely monitor the performance of the Group and the Group will continue to pursue the key business strategies to expand its gaming portfolio through introducing more high-quality licensed games with a focus on mobile games, to consolidate market position and to enhance marketing efforts.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group recognizes the importance of risk management practices. Thus, it endeavors its best to mitigate its exposure to operating and financial risks in an effective and efficient manner.

The principal risks, challenges and uncertainties faced by the Group include: (i) the mobile game industry is highly competitive; (ii) the game industry is subject to rapid technological changes which may render our games obsolete or unattractive to our users; (iii) we may not be able to extend licenses for our existing licensed games or introduce new licensed games, which will materially and adversely affect our revenue; and (iv) we rely on key personnel and our business may be severely disrupted if we lose the services of our key executives and employees.

FINANCIAL REVIEW

Revenue

The Group's revenue was approximately HK\$84.5 million for the year ended 31 December 2021 representing an increase of approximately 64.7% from approximately HK\$51.3 million for the corresponding period in 2020, which was primarily attributable to (i) the significantly increase in game revenue of the Group's licensed mobile games, "Teddy Boy M (古惑仔M)" and "ACE SOCCER (球場風雲)", which were launched in the second and third quarters of 2021 respectively; and (ii) the increase in royalty income from licensed mobile game "Teddy Boy M (古惑仔M)" in Taiwan.

Revenue by game ownership and forms

The following table sets out a breakdown of our revenue by its type in absolute amounts and as percentage of our revenue for the periods indicated:

| | For the year ended 31 December | | | |
|--|--------------------------------|--------------|----------|-------|
| | 2021 | | 2020 | |
| | HK\$'000 | % | HK\$'000 | % |
| Game operation income | | | | |
| – Self/co-developed games | 8,809 | 10.4 | 14,183 | 27.6 |
| – Licensed games | 63,665 | 75.4 | 35,738 | 69.7 |
| Game publishing income | | | | |
| – Games for publishing | 371 | 0.4 | 685 | 1.3 |
| Income from game operation and publishing | 72,845 | 86.2 | 50,606 | 98.6 |
| Royalty income | 10,989 | 13.0 | 98 | 0.2 |
| License fee income | 661 | 0.8 | 600 | 1.2 |
| Total | 84,495 | 100.0 | 51,304 | 100.0 |

We offered our games in two forms: mobile games and online PC games. The following table sets out a revenue breakdown by game forms in absolute amounts and as percentage of our revenue for the periods indicated:

| | For the year ended 31 December | | | |
|--|--------------------------------|--------------|---------------|--------------|
| | 2021 | | 2020 | |
| | HK\$'000 | % | HK\$'000 | % |
| Mobile games | 65,621 | 77.7 | 43,870 | 85.5 |
| Online PC games | 7,224 | 8.5 | 6,736 | 13.1 |
| Income from game operation and publishing | 72,845 | 86.2 | 50,606 | 98.6 |
| Royalty income | 10,989 | 13.0 | 98 | 0.2 |
| License fee income | 661 | 0.8 | 600 | 1.2 |
| Total | 84,495 | 100.0 | 51,304 | 100.0 |

Cost of services rendered

The Group's cost of services rendered for the year ended 31 December 2021 was approximately HK\$51.6 million, representing an increase of approximately 27.1% from approximately HK\$40.6 million for the corresponding period in 2020, which was primarily attributable to the combined effect of (i) an approximately HK\$6.7 million increase in channel fees; (ii) an approximately HK\$7.4 million increase in royalty expenses primarily as a result of an increase in the Group's game operation income from licensed games; and (iii) an approximately HK\$2.4 million increase in amortization of intangible assets during the year ended 31 December 2021.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2021 was approximately HK\$32.9 million, representing an increase of approximately 207.5% from approximately HK\$10.7 million for the year ended 31 December 2020, primarily due to an increase in the Group's game operation income from the licensed mobile games, "Teddy Boy M (古惑仔M)" and "ACE SOCCER (球場風雲)", and royalty income from licensed mobile game "Teddy Boy M (古惑仔M)" in Taiwan. The Group's gross profit margin for the year ended 31 December 2021 was approximately 38.9%, representing an increase of approximately 18.0 percentage points compared to approximately 20.9% for the year ended 31 December 2020. The higher gross profit margin was primarily resulted from the increased in royalty income of "Teddy Boy M (古惑仔M)" licensed in Taiwan.

Selling expenses

The Group's selling expenses for the year ended 31 December 2021 were approximately HK\$21.1 million, representing an increase of approximately 91.8% from approximately HK\$11.0 million for the corresponding period in 2020, primarily attributable to an increase in advertising and promotion expenses of the Group's new licensed mobile games which were launched during the third quarter of 2021.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2021 were approximately HK\$11.9 million, representing an increase of approximately 7.2% from approximately HK\$11.1 million for the year ended 31 December 2020, primarily attributable to an increase in the legal and professional fee for the general offer.

Other expenses

The Group's other expenses was approximately HK\$30,000 for the year ended 31 December 2021 representing a decrease of approximately 98.6% from approximately HK\$2.1 million for the corresponding period in 2020, which was mainly attributable to a decrease in the recognition of impairment loss on the intangible assets.

Profit for the year

The Group recorded a profit for the year ended 31 December 2021 of approximately HK\$0.6 million as compared with a loss of approximately HK\$10.1 million for the corresponding period in 2020, primarily attributable to of (i) the significant increase in game revenue of the Group's license games, "Teddy Boy M (古惑仔 M)" and "ACE SOCCER (球場風雲)", which were launched in the second and third quarters of 2021 respectively; and (ii) the steady increase in gross profit during this year.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on 13 January 2016 (the "**Listing Date**"). There has been no change in the capital structure of the Group since the Listing Date and up to the date of this announcement. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2021, the Company's issued share capital was HK\$1.6 million and the number of its issued ordinary shares was 160,000,000 of HK\$0.01 each.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During the year ended 31 December 2021, we did not have any bank borrowings. As at 31 December 2021, we had cash and cash equivalents of approximately HK\$35.4 million (31 December 2020: approximately HK\$38.2 million), which were cash at banks and on hand. No banking facility has been arranged by our Group during the year ended 31 December 2021.

Our primary uses of cash have been and are expected to continue to be operating costs and capital expenditure.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed herein, there was no material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 December 2021.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the year ended 31 December 2021, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed herein, the Group did not have any concrete plan for material investments or capital assets as at 31 December 2021.

FOREIGN EXCHANGE EXPOSURE

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposures to currency risk arise mainly from its overseas income or payment on royalty and license fee, which are primarily denominated in United States dollar, Japanese Yen or Renminbi. These are not the functional currencies of our principal subsidiaries to which these transactions related. We currently do not have a foreign currency hedging policy. However, we monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

BORROWING AND GEARING RATIO

During the year ended 31 December 2021, we did not have any short-term or long-term bank borrowings.

As at 31 December 2021, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was approximately 36.7% (31 December 2020: approximately 36.7%).

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. We monitor our trade receivables on an ongoing basis and only trade with creditworthy parties. We consider the credit risk on liquid funds as low because the counterparties are major banks with high credit ratings. We are subject to concentration of credit risk since majority of our trade receivables are due from a limited number of trade debtors which were primarily the third-party game distribution platforms and payment channels. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement.

CHARGE ON GROUP ASSETS

As at 31 December 2021, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (31 December 2020: Nil).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

COMMITMENTS

Our contract commitments mainly involve acquisition of intangible assets. As at 31 December 2021, the Group's capital commitments for acquisition of intangible assets were approximately HK\$3.4 million (31 December 2020: approximately HK\$1.0 million). The Group has commitments for investment in an unlisted PRC subsidiary, Zhejiang Gameone, with registered capital of RMB50,000,000 (equivalent to approximately HK\$61,350,000). The capital contribution shall be made to Zhejiang Gameone on or before 27 December 2070.

INFORMATION ON EMPLOYEES

As at 31 December 2021, the Group had 49 employees (31 December 2020: 53) working in Hong Kong and Taiwan. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration, allowances and mandatory provident funds contributions of the Directors) for the year ended 31 December 2021 amounted to approximately HK\$13.2 million (31 December 2020: approximately HK\$17.5 million). The dedication and hard work of the Group's staff during the year ended 31 December 2021 are generally appreciated and recognized.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme (the “**Share Option Scheme**”) conditionally approved and adopted by written resolutions of the then shareholders of the Company (the “**Shareholders**”) on 23 December 2015.

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to the employees (whether full-time or part-time employee) and the person who is an officer of any members of the Group or any affiliates, the person who is seconded to work for any member of the Group or any affiliates, the consultant, agent, representative, adviser, customer, contractor of the Group or any affiliates and other selected participants; and to promote the long term financial success of the Group by aligning the interests of option holders to Shareholders.

(b) The participants of the Share Option Scheme

On and subject to the terms of the Share Option Scheme and the requirements of the GEM Listing Rules, the Board may offer to grant an option to the employees (whether full-time or part-time employee) and the person who is an officer of any members of the Group or any affiliates, the person who is seconded to work for any member of the Group or any affiliates, the consultant, agent, representative, adviser, customer, contractor of the Group or any affiliates and other selected participants.

(c) Maximum number of shares available for issue

The limit on the number of shares of the Company (the “**Shares**”) which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded (the “**Overriding Limit**”).

In addition to the Overriding Limit and prior to the approval of a Refreshed Mandate Limit below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue on the Listing Date. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

The Company may by ordinary resolutions of the Shareholders refresh the mandate limit provided the Company shall issue a circular containing such information as required by the GEM Listing Rules to Shareholders before such approval is sought. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed (the “**Refreshed Mandate Limit**”) must not exceed 10% of the Shares in issue as at the date of approval of the Refreshed Mandate Limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with any of the schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The Company has refreshed the Share Option Scheme mandate limit at the annual general meeting held on 10 May 2021, representing 20% of the total number of the issued Shares on the same date (i.e. a total of 32,000,000 Shares).

(d) Maximum entitlement of each participants

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each Qualifying Grantee must not exceed 1% of the Shares in issue. Where any further grant of options to a Qualifying Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by Shareholders in general meeting with the relevant Qualifying Grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting. Prior to seeking such approval, the Company shall issue a circular containing such information as required by the GEM Listing Rules to Shareholders.

(e) Acceptance and payment on acceptance of option offer

An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as the Board may specify in writing).

HK\$1 is payable by the grantee to the Company on acceptance of the option offer.

(f) Option period

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Share Option Scheme, a period of 10 years from the date of the granting of the option).

(g) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a Share.

For more details of the principal terms of the Share Option Scheme, please refer to the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

For the year ended 31 December 2021, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

FUTURE PROSPECTS

In January 2022, we established our headquarters, Zhejiang Gameone, in Linping District, Hangzhou City, Zhejiang Province as a foothold to enter into the mainland China market to further increase our operating income in future, by taking advantage of the plentiful technical talent reserve in Hangzhou. We pay close attention to the stickiness of mainland consumers towards TikTok, Kuaishou and other similar Apps and believe in the growing popularity of video live streaming in the mainland market. With our headquarters in Hangzhou, we will explore intensively on gaining presence of mobile games and other products in the mainland China market.

We will strive to continue to maintain our lead in the Hong Kong and Taiwan markets. To increase our market share in the mobile game industry, we plan to expand our business through organic growth and strategic partnership. We intend to selectively invest in or enter into strategic partnerships with complementary game developers, specialized technique providers, other game operators and distributors in order to broaden the scope, spectrum and reach of our games, particularly mobile games.

We have been keen on increasing our brand recognition such that our brand will be associated with quality games and peripheral products. To this end, we spare no effort in talent investment, and plan to actively apply for the setting up of a R&D centre accredited by the technical departments of the Hangzhou municipal government in our headquarters in Hangzhou and make purchases of required hardware and software to cope with the everchanging technological development of the gaming industry. Moreover, our investment in both hardware and software in the R&D centre will form a higher entrance barrier for potential newcomers in future and maintain our competitive edge over existing competitors.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code during the ended 31 December 2021 and up to the date of this announcement except for the below deviation.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the Code as set out in Appendix 15 of the GEM Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. Sze Yan Ngai (“**Mr. Sze**”) was appointed as the Chief Executive Officer on 30 June 2021 and performed the roles of the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”), the Company has deviated from this Code from 30 June 2021. As Mr. Sze resigned as the Chairman and the Chief Executive Officer on 7 January 2022, and Mr. Liu Yi (“**Mr. Liu**”) has been appointed as the Chairman and the Chief Executive Officer on 7 January 2022, undertaking both the roles of the Chairman and the Chief Executive Officer, the Company has deviated from this Code from 7 January 2022. However, the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in Mr. Liu and Mr. Sze respectively during different periods throughout the year ended 31 December 2021 and until the

date of this announcement has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and allows for more prompt response to the fast changing business environment and a more efficient management and implementation of business process. The Board also considers that vesting the two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.68 of the GEM Listing Rules (the "**Required Standard Dealings**"). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings throughout the year under review. Further the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the year under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

NON-COMPETITION UNDERTAKINGS

During the year ended 31 December 2021, the Board had not received any written confirmation from any of the Directors in respect of interest in any business (other than our Group) which is or is likely to be directly or indirectly in competition with our business.

SCOPE OF WORK OF BDO LIMITED

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 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by BDO Limited in this respect did not constitute

an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee was established on 23 December 2015. The chairman of the Audit Committee is Mr. Lu Yi (appointed on 7 January 2022), an independent non-executive Director, other members include Ngo Mei Kwan (appointed on 7 January 2022), Jin Baiting (appointed on 7 January 2022), Dr. Fung Ying Him Anthony (resigned on 7 January 2022), Mr. Yung Kai Tai (resigned on 7 January 2022) and Mr. Iu Tak Meng Teddy (the former chairman and resigned on 7 January 2022), the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange website and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules that at least one of the members of the Audit Committee (which must comprise a minimum of three members, the majority of the members of the Audit Committee must be independent non-executive Directors and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Group's consolidated financial statements for the year ended 31 December 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2021 comply with applicable accounting standards, GEM Listing Rules and the Hong Kong Companies Ordinance and adequate disclosures have been made. The consolidated financial statements of the Group have been agreed by the auditor of the Group.

EVENTS AFTER THE REPORTING PERIOD

As at 6 January 2022, the mandatory unconditional cash offer by Innovax Securities Limited for an on behalf of Topliu Limited (the “**Offeror**”) to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) was closed. The Offeror had received valid acceptances in respect of a total of 8,580,000 offer Shares, representing approximately 5.36% of the entire issued Shares at the date of this announcement.

Excepted as disclosed in this announcement, there is no other material subsequent event undertaken by the Company or by the Group after 31 December 2021 and up to the date of this announcement.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 5 May 2022 (the “AGM”). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 29 April 2022 to Thursday, 5 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 28 April 2022.

By order of the Board
Gameone Holdings Limited
Liu Yi
Chairman and Executive Director

Hong Kong, 29 March 2022

As at the date of this announcement, the executive Directors are Mr. Liu Yi, Mr. Huang Jianying and Mr. Sze Yan Ngai; and the independent non-executive Directors are Ms. Ngo Mei Kwan, Mr. Jin Baiting and Mr. Lu Yi.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.gameone.com.hk.