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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”). 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**”) announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2022

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|--|-------|--|---------------------------------|--|---------------------------------|
| | | 2022 (Unaudited) HK\$'000 | 2021 (Unaudited) HK\$'000 | 2022 (Unaudited) HK\$'000 | 2021 (Unaudited) HK\$'000 |
| Revenue | 5 | 21,029 | 11,483 | 39,922 | 23,465 |
| Cost of services rendered | | (11,966) | (8,594) | (21,327) | (16,908) |
| Gross profit | | 9,063 | 2,889 | 18,595 | 6,557 |
| Other income | 5 | 377 | 116 | 466 | 163 |
| Selling expenses | | (7,168) | (3,368) | (12,830) | (6,953) |
| Administrative expenses | | (3,269) | (2,221) | (7,987) | (5,645) |
| Operating loss | | (997) | (2,584) | (1,756) | (5,878) |
| Finance cost | | (4) | (12) | (9) | (26) |
| Loss before income tax | 6 | (1,001) | (2,596) | (1,765) | (5,904) |
| Income tax expense | 7 | - | - | - | - |
| Loss for the period | | (1,001) | (2,596) | (1,765) | (5,904) |
| 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 | | 611 | (352) | 1,102 | (139) |
| Other comprehensive income for the period | | 611 | (352) | 1,102 | (139) |
| Total comprehensive income for the period attributable to owners of the Company | | (390) | (2,948) | (663) | (6,043) |
| Losses per share | | | | | |
| - Basic and Diluted (expressed in HK cents per share) | 9 | (0.63) | (1.62) | (1.10) | (3.69) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

| | Notes | As at 30 June 2022 (Unaudited) HK\$'000 | As at 31 December 2021 (Audited) HK\$'000 |
|--|-------|---|---|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 546 | 539 |
| Intangible assets | 11 | 10,200 | 6,481 |
| Cryptocurrencies | 11 | – | – |
| Right-of-use assets | | 340 | 1,009 |
| | | <u>11,086</u> | <u>8,029</u> |
| Current assets | | | |
| Trade receivables | 12 | 3,935 | 4,414 |
| Prepayments, deposits and other receivables | | 16,564 | 6,876 |
| Cash at banks and on hand | | 27,851 | 35,423 |
| | | <u>48,350</u> | <u>46,713</u> |
| Current liabilities | | | |
| Trade payables | 13 | 2,641 | 3,010 |
| Accrued expenses and other payables | | 8,753 | 5,932 |
| Contract liabilities | | 13,725 | 10,074 |
| Tax payable | | 77 | 77 |
| Lease liabilities | | 251 | 997 |
| | | <u>25,447</u> | <u>20,090</u> |
| Net current assets | | <u>22,903</u> | <u>26,623</u> |
| Total assets less current liabilities | | <u>33,989</u> | <u>34,652</u> |
| Net assets | | <u>33,989</u> | <u>34,652</u> |
| EQUITY | | | |
| Share capital | 14 | 1,600 | 1,600 |
| Reserves | | 32,389 | 33,052 |
| Total equity | | <u>33,989</u> | <u>34,652</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Share capital HK\$'000 | Share premium* HK\$'000 | Other reserve* HK\$'000 | Translation reserve* HK\$'000 | Accumulated losses* HK\$'000 | Total equity HK\$'000 |
|---|------------------------------|-------------------------------|-------------------------------|-------------------------------------|------------------------------------|-----------------------------|
| At 1 January 2022 | 1,600 | 41,129 | 71,458 | (704) | (78,831) | 34,652 |
| Loss for the period | - | - | - | - | (1,765) | (1,765) |
| Exchange difference on translation of financial statements of foreign operations | - | - | - | 1,102 | - | 1,102 |
| Other comprehensive income for the period | - | - | - | 1,102 | - | 1,102 |
| Total comprehensive income for the period | - | - | - | 1,102 | (1,765) | (663) |
| At 30 June 2022 (unaudited) | <u>1,600</u> | <u>41,129</u> | <u>71,458</u> | <u>398</u> | <u>(80,596)</u> | <u>33,989</u> |
| At 1 January 2021 | 1,600 | 41,129 | 71,458 | (749) | (79,387) | 34,051 |
| Loss for the period | - | - | - | - | (5,904) | (5,904) |
| Exchange difference on translation of financial statements of foreign operations | - | - | - | (139) | - | (139) |
| Other comprehensive income for the period | - | - | - | (139) | - | (139) |
| Total comprehensive income for the period | - | - | - | (139) | (5,904) | (6,043) |
| At 30 June 2021 (unaudited) | <u>1,600</u> | <u>41,129</u> | <u>71,458</u> | <u>(888)</u> | <u>(85,291)</u> | <u>28,008</u> |

* The total of these balances represents "Reserves" in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2022 | 2021 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash used in operating activities | (3,583) | (6,468) |
| Net cash used in investing activities | (4,331) | (4,036) |
| Net cash used in financing activities | (755) | (628) |
| Net decrease in cash and cash equivalents | (8,669) | (11,132) |
| Effects of exchange rate changes on cash and cash equivalents | 1,097 | (148) |
| Cash and cash equivalents at beginning of period | 35,423 | 38,158 |
| Cash and cash equivalents at end of period | 27,851 | 26,878 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 No. 552 Xuehai Road, Nanyuan, Linping District, Hangzhou City, Zhejiang Province, The People's Republic of China (the "**PRC**").

The Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (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 provide software services in the PRC and engage in development, operation, publishing and distribution of online and mobile games in Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong China**") and other countries and regions.

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

2. BASIS OF PREPARATION AND PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong China and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure required by the GEM Listing Rules and by the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those adopted in the Group's audited annual report dated 29 March 2022 (the "**2021 Annual Report**"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022.

2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

The preparation of these unaudited condensed consolidated interim financial statements requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2021 Annual Report.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated. These unaudited condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 Annual Report. These unaudited condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2021 Annual Report.

The unaudited condensed consolidated interim financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. CHANGES IN HKFRSs

Application of new and amendments and interpretation to HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments and interpretation to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's unaudited condensed consolidated financial statements:

| | |
|--|---|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendment to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 | Annual Improvements to HKFRSs 2018-2020 |

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

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. For the six months ended 30 June 2022, the executive directors regularly review revenue and operating results, and divided into two reportable operating segments.

The Group identifies two segments as follows:

- The Software Service Business, which is primarily engaged in providing internet security technical service and big data related analysis service to the customers in the PRC; and
- The Game Business, which is primarily engaged in development, operation, publishing and distribution of online and mobile games in Hong Kong China and other countries and regions.

The executive Directors assess the performance of the operating segments based on the operating loss of each reporting segments. The reconciliation of operating loss to loss before income tax is shown in the condensed consolidated statement of profit or loss and other comprehensive income.

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2022 (Unaudited) HK\$'000 | 2021 (Unaudited) HK\$'000 | 2022 (Unaudited) HK\$'000 | 2021 (Unaudited) HK\$'000 |
| Segment revenue: | | | | |
| Software Service Business | 5,013 | – | 9,888 | – |
| Game Business | 16,016 | 11,483 | 30,034 | 23,465 |
| Total | <u>21,029</u> | <u>11,483</u> | <u>39,922</u> | <u>23,465</u> |
| Segments results – operating loss: | | | | |
| Software Service Business | (36) | – | (70) | – |
| Game Business | (961) | (2,584) | (1,686) | (5,878) |
| Total | <u>(997)</u> | <u>(2,584)</u> | <u>(1,756)</u> | <u>(5,878)</u> |

4. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's revenue by geographical location are detailed below.

| | Three months ended 30 June | | Six months ended 30 June | |
|--------------------------|-------------------------------|-------------------------|-----------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| By country/region | | | | |
| PRC | 5,013 | – | 9,888 | – |
| Hong Kong China | 14,924 | 9,767 | 28,069 | 20,279 |
| Others | 1,092 | 1,716 | 1,965 | 3,186 |
| | <u>21,029</u> | <u>11,483</u> | <u>39,922</u> | <u>23,465</u> |

Information about major customers

There is no single customer contributed to 10% or more revenue to the Group's revenue for the six months ended 30 June 2022 and 2021.

5. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income are as follows:

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|-------------------------|-----------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| Revenue from contracts with customers within the scope of HKFRS 15: | | | | |
| Software service income | 5,013 | – | 9,888 | – |
| Game operation income | 14,893 | 10,390 | 28,187 | 22,117 |
| Game publishing income | 80 | 107 | 185 | 176 |
| Royalty income | 905 | 795 | 1,379 | 818 |
| License fee income | 138 | 191 | 283 | 354 |
| | <u>21,029</u> | <u>11,483</u> | <u>39,922</u> | <u>23,465</u> |
| Other income | | | | |
| Government grants | 320 | – | 320 | – |
| Interest income | 1 | 2 | 1 | 2 |
| Other income | 56 | 114 | 145 | 161 |
| | <u>377</u> | <u>116</u> | <u>466</u> | <u>163</u> |
| | <u>21,406</u> | <u>11,599</u> | <u>40,388</u> | <u>23,628</u> |

6. LOSS BEFORE INCOMET TAX

This is arrived at after charging the followings:

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|-------------------------|-----------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| Amortisation of intangible assets | 266 | 106 | 443 | 994 |
| Royalty expenses | 4,036 | 2,276 | 7,195 | 5,434 |
| Depreciation of property, plant and equipment | | | | |
| – Under cost of services rendered | 74 | 44 | 153 | 93 |
| – Under administrative expenses | 8 | 9 | 15 | 18 |
| | <u>82</u> | <u>53</u> | <u>168</u> | <u>111</u> |
| Depreciation of right-of-use assets | 336 | 336 | 669 | 669 |
| Finance cost | 4 | 12 | 9 | 26 |
| Staff costs excluding directors' remuneration: | | | | |
| – Salaries and allowances | 2,065 | 2,484 | 4,952 | 5,090 |
| – Contributions on defined contribution retirement plan | 141 | 144 | 283 | 310 |
| | <u>2,206</u> | <u>2,628</u> | <u>5,235</u> | <u>5,400</u> |

7. INCOME TAX EXPENSE

No provision for PRC Enterprise Income Tax was made as the Group has not generated any tax assessable profits in the PRC for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

No Profits Tax for the Taiwan China branch has been provided as the Taiwan China branch has not generated any tax assessable profits in Taiwan China for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

No provision for Hong Kong China Profits Tax was made as the Group has not generated any tax assessable profits in Hong Kong China for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

9. LOSSES PER SHARE

The calculation of basic losses per share is based on the loss attributable to the owners of the Company and on the basis of the weighted average number of 160,000,000 ordinary shares (2021: 160,000,000 ordinary shares) in issue.

The calculation of basic losses per share is based on the loss attributable to the owners of the Company on the basis of weighted average number of 160,000,000 ordinary shares in issue, being the number of shares of the Company after the completion of the Group reorganization, capitalization issue, and placing of shares upon the listing of the Company's shares on GEM of the Stock Exchange on 13 January 2016.

Diluted losses per share is of the same amount as the basic losses per share as there were no potential dilutive ordinary shares outstanding as at 30 June 2022 (2021: same).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group spent approximately HK\$170,000 on acquisition of property, plant and equipment (six months ended 30 June 2021: approximately HK\$53,000).

11. INTANGIBLE ASSETS AND CRYPTOCURRENCIES

During the six months ended 30 June 2022, the Group spent approximately HK\$4,162,000 and Nil on acquisition of intangible assets and cryptocurrencies respectively (six months ended 30 June 2021: approximately HK\$3,241,000 and HK\$744,000) and no impairment loss on intangible assets and cryptocurrencies have been provided (six months ended 30 June 2021: Nil and Nil).

12. TRADE RECEIVABLES

| | As at 30 June 2022 (Unaudited) HK\$'000 | As at 31 December 2021 (Audited) HK\$'000 |
|-------------------|--|--|
| Trade receivables | <u>3,935</u> | <u>4,414</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:

| | As at 30 June 2022 (Unaudited) HK\$'000 | As at 31 December 2021 (Audited) HK\$'000 |
|-----------------------|--|--|
| Not more than 30 days | 3,926 | 3,061 |
| 30-60 days | 8 | 605 |
| Over 60 days | <u>1</u> | <u>748</u> |
| | <u>3,935</u> | <u>4,414</u> |

13. TRADE PAYABLES

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

14. SHARE CAPITAL

Authorised share capital

As at 31 December 2021 and 30 June 2022, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.01 each.

Issued and fully paid

| | Number | HK\$'000 |
|---|--------------------|--------------|
| Ordinary shares | | |
| As at 31 December 2021 and 30 June 2022 | <u>160,000,000</u> | <u>1,600</u> |

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2022 (Unaudited) HK\$'000 | 2021 (Unaudited) HK\$'000 | 2022 (Unaudited) HK\$'000 | 2021 (Unaudited) HK\$'000 |
| Total remuneration of directors and other members of key management during the period was as follows: | | | | |
| Fees, salaries and staff welfare benefits and discretionary bonus (short-term employee benefits) | 1,551 | 949 | 4,150 | 2,872 |
| Defined contribution plans (post employment benefits) | 23 | 27 | 53 | 54 |
| | <u>1,574</u> | <u>976</u> | <u>4,203</u> | <u>2,926</u> |

16. CAPITAL COMMITMENTS

(a) Capital commitments

| | As at 30 June 2022 (Unaudited) HK\$'000 | As at 31 December 2021 (Audited) HK\$'000 |
|------------------------------------|--|--|
| Contracted but not provided for | | |
| – Acquisition of intangible assets | <u>3,080</u> | <u>3,447</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 (“**Zhejiang Gameone**”) in the PRC with registered capital of RMB50,000,000 (equivalent to approximately HK\$61,350,000). As at 30 June 2022, the Group has not yet contributed any capital to Zhejiang Gameone. As at 30 June 2022 and up to the issuance of these unaudited condensed consolidated interim financial statements, 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 a software service provider focusing on the market in the PRC. We provide internet security technical service and big data related analysis service to the customers. We are also an integrated game developer, operator and publisher focusing on the market in Hong Kong China and other countries and regions. We operate and publish the Group's self/co-developed and licensed games in Hong Kong China and other regions primarily through the Group's game distribution platforms as well as other third-party distribution platforms. We collect payments from players either through the Group's 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 or 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 industries in the PRC, Hong Kong China and even worldwide.

For the six months ended 30 June 2022, the Group recorded a net loss of approximately HK\$1.8 million as compared to a net loss of approximately HK\$5.9 million for the same period in 2021. During the six months ended 30 June 2022, we allocated more resources in the business segment of internet security technical service as there are plentiful market opportunities and high demand in the PRC. Many gaming and video streaming companies are suffering from network attacks such as DDoS and SQL injection attacks. Internet security has become a must have in the year of 2022 and in the future. Furthermore, we will closely monitor the performance of the Group and the Group will continue to pursue the key business strategies to expand its game portfolio through introducing more high-quality licensed games with a focus on mobile games, further consolidate our market positioning and enhance marketing efforts.

FINANCIAL REVIEW

Revenue

The Group's revenue was approximately HK\$39.9 million for the six months ended 30 June 2022, representing an increase of approximately 69.8% from approximately HK\$23.5 million for the corresponding period in 2021, which was primarily attributable to (i) an increase in software service income; and (ii) an increase in games revenue of the Group's licensed mobile games, "Teddy Boy M (古惑仔 M)" and "Call Me MT (我叫MT)", which were launched in the second quarter of 2021 and 2022 respectively.

Cost of services rendered

The Group's cost of services incurred for the six months ended 30 June 2022 was approximately HK\$21.3 million, representing an increase of approximately 26.0% from approximately HK\$16.9 million for the corresponding period in 2021, which was primarily attributable to the increase in software service-related costs during the six months ended 30 June 2022.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2022 was approximately HK\$18.6 million, representing an increase of approximately 181.8% from approximately HK\$6.6 million for the six months ended 30 June 2021. The increase in gross profit was primarily attributable to (i) the increase in software service income; and (ii) the increase in the Group's game operation income from the licensed mobile games. The Group's gross profit margin for the six months ended 30 June 2022 was approximately 46.6%, representing an increase of approximately 18.5 percentage points as compared to approximately 28.1% for the six months ended 30 June 2021. The higher gross profit margin was primarily resulted from the ongoing measures to control the Group's cost of services incurred.

Selling expenses

The Group's selling expenses for the six months ended 30 June 2022 were approximately HK\$12.8 million, representing an increase of approximately 82.9% from approximately HK\$7.0 million for the corresponding period in 2021, which was primarily attributable to an increase in promotion and advertising expenses of software service.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2022 were approximately HK\$8.0 million, representing an increase of approximately 42.9% from approximately HK\$5.6 million for the corresponding period in 2021, which was primarily attributable to an increase in staff cost and legal and professional fees during the six months ended 30 June 2022.

Loss for the period

The Group recorded a loss for the six months ended 30 June 2022 of approximately HK\$1.8 million as compared with a loss of approximately HK\$5.9 million for the corresponding period in 2021, which was primarily attributable to (i) the increase in software service income and game operation income; and (ii) ongoing measures to control the Group's cost of services incurred.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on 13 January 2016 (the "**Listing Date**"). Reference is made to the announcements dated 10 June 2022 and 27 July 2022 and prospectus of the Company dated 6 July 2022 whereby the Company implemented the rights issue (the "**Rights Issue**") on the basis of one (1) rights share ("**Right Share**") for every two (2) existing Shares held on the record date at the subscription price of HK\$0.28 per Rights Share, to raise gross proceeds up to approximately HK\$22.4 million before expenses. The number of Shares in issue upon completion of the Rights Issue is enlarged from 160,000,000 Shares to 240,000,000 Shares with effect from 29 July 2022. Besides the Right Issue, the Board has changed in board lot size from 4,000 Shares to 12,000 Shares with effect from 29 July 2022.

Save as disclosed herein, there has been no change in the capital structure of the Group since the Listing Date and up to the date of this announcement.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities and equity financing. During the six months ended 30 June 2022, we did not have any bank borrowings. As at 30 June 2022, we had cash and cash equivalents of approximately HK\$27.9 million (31 December 2021: approximately HK\$35.4 million), which were cash at banks and on hand. No banking facility has been arranged by our Group during the six months ended 30 June 2022.

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 six months ended 30 June 2022.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 June 2022, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any concrete plan for material investments or acquisition of capital assets as at 30 June 2022.

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 and Japanese Yen. 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 will monitor our foreign exchange exposure and will consider hedging significant any foreign currency exposure should the need arises.

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 30 June 2022, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (30 June 2021: Nil).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (30 June 2021: Nil).

COMMITMENTS

Our contract commitments mainly involve acquisition of intangible assets. As at 30 June 2022, the Group's capital commitments for acquisition of intangible assets were approximately HK\$3.1 million (31 December 2021: approximately HK\$3.4 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.

SEGMENT INFORMATION

The analysis of the principal activities of the operations of the Group is set out in note 4 to the condensed consolidated financial statements.

INFORMATION ON EMPLOYEES

As at 30 June 2022, the Group had 52 employees (30 June 2021: 48) working in the PRC, Hong Kong China and Taiwan China. 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. Various types of trainings were provided to the employees.

The total staff cost (including remuneration, allowances and mandatory provident funds contributions of the Directors) for the six months ended 30 June 2022 amounted to approximately HK\$7.3 million (30 June 2021: approximately HK\$7.4 million). The dedication and hard work of the Group's staff during the six months ended 30 June 2022 are generally appreciated and recognised.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil)

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares and underlying shares of the Company

| Name of Director/ chief executive | Capacity/Nature of interest | Total number of Shares | Approximate percentage of shareholding |
|---|---------------------------------------|---------------------------|--|
| Mr. Liu Yi (“ Mr. Liu ”) <i>(Chairman and Chief Executive Officer) (Note 1)</i> | Interest of controlled corporation | 66,787,235 | 41.74% |
| Mr. Huang Jianying (“ Mr. Huang ”) <i>(Note 2)</i> | Beneficial owner | 24,707,000 | 15.44% |

Notes:

- (1) As at 30 June 2022, Topliu Limited holds 66,787,235 Shares and is wholly owned by Mr. Liu. As at the date of this announcement, Topliu Limited holds 103,597,854 Shares, representing approximately 43.17% of the total issued Shares after the allotment of Rights Issue. By virtue of the SFO, Mr. Liu is deemed to be interested in the Shares in which Topliu Limited is interested.
- (2) As at the date of this announcement, Mr. Huang holds 40,477,501 Shares, representing approximately 16.87% of the total issued Shares after the allotment of Rights Issue.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors or chief executives of the Company, as at 30 June 2022, the following persons (other than Directors or chief executives of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares and underlying shares of the Company

| Name of shareholders | Nature of interest | Number of Shares or securities held | Approximate percentage of interest in the Company |
|---|------------------------------------|-------------------------------------|---|
| Topliu Limited (<i>Note 1</i>) | Beneficial owner | 66,787,235 | 41.74% |
| Ms. Sun Li (<i>Note 2</i>) | Interest of spouse | 24,707,000 | 15.44% |
| Nineyou International Limited (<i>Note 3</i>) | Beneficial owner | 18,367,182 | 11.48% |
| Million Treasure Limited (<i>Note 3</i>) | Interest in controlled corporation | 18,367,182 | 11.48% |
| Heartland Investment Limited (<i>Note 3</i>) | Interest in controlled corporation | 18,367,182 | 11.48% |
| Mr. Zhang Yeyuan (<i>Note 4</i>) | Beneficial owner | 8,580,000 | 5.36% |

Notes:

- (1) As at the date of this announcement, Topliu Limited holds 103,597,854 Shares, representing approximately 43.17% of the total issued Shares after the allotment of Rights Issue.
- (2) Ms. Sun Li is the spouse of Mr. Huang. As at the date of this announcement, Mr. Huang holds 40,477,501 Shares, representing approximately 16.87% of the total issued Shares after the allotment of Rights Issue. By virtue of the SFO, Ms. Sun Li is deemed to be interested in the Shares in which Mr. Huang is interested.

- (3) Based on the information provided by Nineyou International Limited (“**NYIL**”), NYIL is beneficially owned by Heartland Investment Limited as to approximately 44.44%, Wollerton Investments Pte. Ltd. as to approximately 18.96%, Fair Gold International Limited as to approximately 15.61%, Everstar Overseas Holding Ltd. as to approximately 10.04%, Star Fortune Overseas Holding Limited as to approximately 8.0% and Hongxin International Holdings Limited as to approximately 2.95%, all of whom are independent third parties. Wollerton Investments Pte. Ltd. is owned as to approximately 82.35% by Heartland Investment Limited. Heartland Investment Limited is wholly owned by Million Treasure Limited which is also an independent third party. As at the date of this announcement, NYIL holds 18,367,182 Shares, representing approximately 7.65% of the total issued Shares after the allotment of Rights Issue.
- (4) As at the date of this announcement, Mr. Zhang Yeyuan holds 8,580,000 Shares, representing approximately 3.58% of the total issued Shares after the allotment of Rights Issue.

Save as disclosed above, as at 30 June 2022, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debenture of the Company” above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

GEARING RATIO

As at 30 June 2022, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was approximately 42.8% (31 December 2021: approximately 36.7%).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2022, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisitions or disposals during the six months ended 30 June 2022.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or any of its respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group during the six months ended 30 June 2022.

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 period 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.

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 six months ended 30 June 2022 and up to the date of this announcement except for the below deviation. Code provision C.2.1 of the Code 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 (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, 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 has been appointed as the Chairman and the Chief Executive Officer on 7 January 2022, thereby 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 the six months ended 30 June 2022 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 decision making process and allows for 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.

Reference is made to the announcements of the Company dated 6 January 2022 and 7 January 2022 in respect of the resignation of Ms. Wong Pui Yain as a non-executive Director. Pursuant to Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. Following the resignation of Ms. Wong Pui Yain on 6 January 2022, the Company did not have a female Director, and hence the Company failed to meet the requirement as set out in Rule 17.104 of the GEM Listing Rules. Following the appointment of Ms. Ngo Mei Kwan as an independent non-executive Director with effect from 7 January 2022, the Company has Directors of both genders on board. As such, the Company has complied with the requirement set out in Rule 17.104 of the GEM Listing Rules as at 7 January 2022 and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained public float of 25% as required under the GEM Listing Rules.

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) conditionally adopted by the Company was approved by the shareholders on 23 December 2015.

The Scheme became effective for a period of 10 years commencing on the listing date of the Company. Under the Scheme, 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. 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 Board may specify in writing). HK\$1 is payable by the grantee to Company on acceptance of the option offer.

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 Scheme, a period of 10 years from the date of the granting of the option).

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 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 total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue immediately following the completion of the Capitalization Issue and the Placing as defined under the prospectus of the Company dated 31 December 2015. Options lapsed in accordance with the terms of the Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

For the six months ended 30 June 2022, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Scheme.

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 Ms. Ngo Mei Kwan (appointed on 7 January 2022), Mr. 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. Lu 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 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 Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2022 with the management and is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

EVENTS AFTER THE END OF REPORTING PERIOD

Reference is made to the announcements dated 10 June 2022 and 27 July 2022 and prospectus of the Company dated 6 July 2022 whereby the Company implemented the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the record date at the subscription price of HK\$0.28 per Rights Share, to raise gross proceeds up to approximately HK\$22.4 million before expenses. The number of Shares in issue upon completion of the Rights Issue is enlarged from 160,000,000 Shares to 240,000,000 Shares with effect on 29 July 2022. Besides the Right Issue, the Board has changed in board lot size from 4,000 Shares to 12,000 Shares with effect on 29 July 2022.

Excepted as disclosed in this announcement, there is no other material subsequent event undertaken by the Company or by the Group after 30 June 2022 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement and the interim report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.gameone.com.hk. The interim report of the Company for the six months ended 30 June 2022 will be dispatched to the shareholders of the Company. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, free of charge, at any time by writing to the Company or the Company's registrar, Tricor Investor Services Limited.

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

Hong Kong China, 8 August 2022

As at the date of this announcement, the executive Directors are Mr. Liu Yi and Mr. Huang Jianying; 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 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.