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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)

ANNOUNCEMENT OF QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

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 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**”) announces the unaudited condensed consolidated results of the Group for the three months ended 31 March 2018, together with the unaudited comparative figures for the corresponding periods in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

		Three months ended 31 March	
	Notes	2018	2017
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	36,189	17,148
Cost of services rendered		(24,053)	(10,325)
Gross profit		12,136	6,823
Other income	4	44	45
Selling expenses		(4,027)	(4,617)
Administrative expenses		(5,790)	(4,208)
Profit/(loss) before income tax		2,363	(1,957)
Income tax expense	5	–	–
Profit/(loss) for the period		2,363	(1,957)
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		(103)	(401)
Other comprehensive expense for the period		(103)	(401)
Total comprehensive income for the period		2,260	(2,358)
Profit/(loss) attributable to:			
Owners of the Company		2,363	(1,957)
Non-controlling interests		–	–
		2,363	(1,957)
Total comprehensive income attributable to:			
Owners of the Company		2,260	(2,358)
Non-controlling interests		–	–
		2,260	(2,358)
		HK\$	HK\$
Earnings/(losses) per share	7		
– Basic and Diluted		0.01	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Non- controlling Interests HK\$'000	Total equity HK\$'000
(Unaudited)							
At 1 January 2017	1,600	41,129	71,458	1,502	(25,411)	396	90,674
Loss for the period	-	-	-	-	(1,957)	-	(1,957)
Exchange difference on translation of financial statements of foreign operations	-	-	-	(401)	-	-	(401)
Other comprehensive income for the period	-	-	-	(401)	-	-	(401)
Total comprehensive income for the period	-	-	-	(401)	(1,957)	-	(2,358)
At 31 March 2017	<u>1,600</u>	<u>41,129</u>	<u>71,458</u>	<u>1,101</u>	<u>(27,368)</u>	<u>396</u>	<u>88,316</u>
(Unaudited)							
At 1 January 2018	1,600	41,129	71,458	110	(43,114)	394	71,577
Profit for the period	-	-	-	-	2,363	-	2,363
Exchange difference on translation of financial statements of foreign operations	-	-	-	(103)	-	-	(103)
Other comprehensive income for the period	-	-	-	(103)	-	-	(103)
Total comprehensive income for the period	-	-	-	(103)	2,363	-	2,260
At 31 March 2018	<u>1,600</u>	<u>41,129</u>	<u>71,458</u>	<u>7</u>	<u>(40,751)</u>	<u>394</u>	<u>73,837</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

1. GENERAL INFORMATION

The Company was incorporated in Cayman Islands with limited liability under the Companies Law of the 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 Room 1808-9, 18/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 January 2016 (the "**Listing Date**").

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2018 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2018 are consistent with those adopted in the Group's audited annual report dated 23 March 2018 (the "**2017 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 financial statements for the three months ended 31 March 2018 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 31 March 2018.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2018 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the three months ended 31 March 2018 are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Group.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

3. SEGMENT INFORMATION

Geographical information

	Three months ended 31 March	
	2018 HK\$'000	2017 HK\$'000
By country/region		
Hong Kong (place of domicile)	34,960	14,913
Taiwan	1,201	2,185
Others	28	50
	<hr/>	<hr/>
	36,189	17,148
	<hr/> <hr/>	<hr/> <hr/>

Information about major customers

So far as the Company is aware, there is no single customer contributed to 10% or more revenue to the Group's revenue for the respective periods.

4. REVENUE AND OTHER INCOME

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

	Three months ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Revenue		
Game operation income	35,465	15,613
Game publishing income	662	1,395
Royalty income	–	11
License fee income	62	129
	<hr/>	<hr/>
	36,189	17,148
	<hr/>	<hr/>
Other income		
Interest income	1	2
Other income	43	43
	<hr/>	<hr/>
	44	45
	<hr/>	<hr/>
	36,233	17,193
	<hr/> <hr/>	<hr/> <hr/>

5. INCOME TAX EXPENSE

No Profits Tax for the Taiwan branch has been provided as the Taiwan branch has not generated any tax assessable profits in Taiwan for the respective periods.

A provision for Hong Kong Profits Tax was made at the rate of 16.5% for the Group's estimated assessable profit derived in Hong Kong for the respective periods.

No provision for PRC Enterprise Income Tax was made as the Group has not generated any tax assessable profit in the PRC for the respective periods.

6. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the three months ended 31 March 2018 (three months ended 31 March 2017: Nil).

7. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic and diluted earnings/(losses) per share is based on the following data:

	Three months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Earnings/(Losses)		
Earnings/(Losses) for the purpose of basic earnings/(losses) per share		
Profits/(Losses) for the period attributable to owners of the Company	2,363	(1,957)
	2,363	(1,957)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings/(losses) per share	160,000,000	160,000,000
	160,000,000	160,000,000

For the three months ended 31 March 2018 and 2017, the calculation of basic earnings/(losses) per share attributable to owners of the Company was based on (i) the profits/(losses) attributable to owners of the Company and (ii) the weighted average number of ordinary shares issued during the period.

No diluted earnings/(losses) per share is calculated for the three months ended 31 March 2018 (three months ended 31 March 2017: Nil) as there was no potential dilutive ordinary share in existence.

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 pre-paid 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.

For the three months ended 31 March 2018, the Group recorded a net profit of approximately HK\$2.4 million as compared to a net loss of approximately HK\$2.0 million for the same period in 2017. The Board considers that such turn around from loss to profit of the Group is mainly due to the increase in game revenue of our licensed games which have been launched since the fourth quarter of 2017. The Board will closely monitor the performance of the Group and the Group will continue to pursue the key business strategies to expand game portfolio through introducing more high-quality licensed games with a focus on mobile games and consolidate market position and enhance marketing efforts.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 111.7% from approximately HK\$17.1 million for the three months ended 31 March 2017 to approximately HK\$36.2 million for the three months ended 31 March 2018, it is mainly due to the increase in game operation income of our licensed mobile games namely Demi Gods and Semi Devils (Mobile Version) (天龍八部手機版).

Cost of services rendered

The Group's cost of services rendered for the three months ended 31 March 2018 was approximately HK\$24.1 million, representing an increase of approximately 134.0% from approximately HK\$10.3 million for the corresponding period in 2017, primarily attributable to the combined effect of (i) an approximately HK\$5.7 million increase in channel fees; (ii) an approximately HK\$6.7 million increase in royalty expenses primarily resulted from an increase in our game operation income from our licensed mobile games for the three months ended 31 March 2018; and (iii) a HK\$0.6 million increase in amortization of our intangible assets during the three months ended 31 March 2018.

Gross profit and gross profit margin

The Group's gross profit for the three months ended 31 March 2018 was approximately HK\$12.1 million, representing an increase of approximately 77.9% from approximately HK\$6.8 million for the three months ended 31 March 2017, primarily due to an increase in our game operation income from our licensed mobile games.

The Group's gross profit margin for the three months ended 31 March 2018 was approximately 33.4%, representing a decrease of approximately 6.4 percentage points compared to approximately 39.8% for the three months ended 31 March 2017. The decrease in the Group's gross profit margin was primarily due to the increased of proportion of royalty payable to game developers.

Selling expenses

The Group's selling expenses for the three months ended 31 March 2018 were approximately HK\$4.0 million, representing a decrease of approximately 13.0% from approximately HK\$4.6 million for the corresponding period in 2017, primarily due to a decrease in promotion and advertising expenses.

Administrative expenses

The Group's administrative expenses for the three months ended 31 March 2018 were approximately HK\$5.8 million, representing an increase of approximately 38.1% from approximately HK\$4.2 million for the corresponding period in 2017, primarily attributable to the increase in staff cost, overseas business traveling expense and rental expense.

Profit for the period

The Group recorded a profit for the three months ended 31 March 2018 of approximately HK\$2.4 million as compared with a loss of approximately HK\$2.0 million for the corresponding period in 2017, primarily attributable to the combined effect of (i) an approximately HK\$5.3 million increase in the gross profit for three months ended 31 March 2018 primarily attributable to an increase in the Group's revenue contributed by the Group's game operation income from the Group's licensed mobile games; and (ii) an approximately HK\$1.6 million increase in staff cost, overseas business traveling expense and rental expense.

OTHER INFORMATION

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

As at 31 March 2018, 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 position in Shares and underlying Shares

Name of Director/ chief executive	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding
Ms. Wong Pui Yain (Note 1)	Interest of controlled corporation	66,787,235	41.74%
Mr. Sze Yan Ngai (Chairman) (Note 2)	Interest of controlled corporation/ Interest of spouse	29,004,337	18.13%

Notes:

- (1) Ms. Wong Pui Yain (“**Ms. Wong**”) holds 50% of the issued share capital of PC Asia Limited (“**PC Asia**”), which directly holds 99% and indirectly holds 1%, through PC Asia Nominees Limited (“**PC Asia Nominees**”), of the issued share capital of PC Investment Limited (“**PCIL**”). By virtue of the SFO, Ms. Wong is deemed to be interested in the 66,787,235 Shares in which PCIL is interested.
- (2) Mr. Sze Yan Ngai (“**Mr. Sze**”) and Ms. Chan Lai Chu (“**Mrs. Sze**”) hold 50% of the issued share capital of Right One Global Limited (“**Right One**”) respectively, which holds 29,004,337 Shares. Mrs. Sze is the spouse of Mr. Sze. By virtue of the SFO, Mr. Sze is deemed to be interested in the Shares in which Right One and Mrs. Sze are interested.

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures 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 31 March 2018, 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 of the Company

Name of shareholders	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in our Company
Mr. Wong Kiam Seng (<i>Note 1</i>)	Interest of controlled corporation	66,787,235	41.74%
PCIL (<i>Note 2</i>)	Beneficial owner	66,787,235	41.74%
PC Asia (<i>Note 2</i>)	Interest of controlled corporation	66,787,235	41.74%
Mrs. Sze (<i>Note 3</i>)	Interest of controlled corporation/ Interest of spouse	29,004,337	18.13%
Right One (<i>Note 4</i>)	Beneficial owner	29,004,337	18.13%
Nineyou International Limited (<i>Note 5</i>)	Beneficial owner	18,367,182	11.48%
New Horizon Capital, L.P. (<i>Note 5</i>)	Interest of controlled corporation	18,367,182	11.48%
Heartland Investment Limited (<i>Note 5</i>)	Interest of controlled corporation	18,367,182	11.48%

Notes:

- (1) PC Asia is beneficially owned by Ms. Wong as to 50% and Mr. Wong Kiam Seng ("**Mr. Wong**") as to 50%. Mr. Wong is the father of Ms. Wong.
- (2) PCIL is beneficially owned by PC Asia as to 99% and PC Asia Nominees as to 1%. PC Asia Nominees is beneficially owned by PC Asia.
- (3) Mr. Sze and Mrs. Sze hold 50% of the issued share capital of Right One respectively, which holds 29,004,337 Shares. Mrs. Sze is the spouse of Mr. Sze. By virtue of the SFO, Mrs. Sze is deemed to be interested in the Shares in which Right One and Mr. Sze are interested.
- (4) Right One is beneficially owned by Mr. Sze as to 50% and Mrs. Sze as to 50%.

- (5) 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 82.36% by Heartland Investment Limited. Heartland Investment Limited is wholly owned by New Horizon Capital, L.P. which is also an independent third party.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the three months ended 31 March 2018, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

NON-COMPETITION UNDERTAKINGS

Each of Ms. Wong, Mr. Wong and Mr. Sze have confirmed to the Company of their respective due compliance with the terms of the Deed of Non-competition since the Listing Date and up to the date of this announcement.

Our independent non-executive Directors have reviewed compliance of the Deed of Non-Competition and were satisfied that the terms of the Deed of Non-Competition had been duly complied with and enforced since the Listing Date and up to the date of this announcement.

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 5.67 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 period 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. In the opinion of the Board, the Company has complied with the Code from the Date of Listing up to the date of this announcement.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “**Scheme**”) on 23 December 2015 which will remain in force for a period of 10 years from the effective date of the Scheme. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The principal terms of the Scheme are summarized in the section headed “Share Option Scheme” in Appendix IV to the Prospectus.

For the three months ended 31 March 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established by the Board on 23 December 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lu Tak Meng Teddy. The other members are Mr. Yung Kai Tai and Dr. Fung Ying Him Anthony. The primary duties of the Audit Committee are to review and approve the Group’s financial reporting process and the internal control systems of the Group.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2018 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.

By order of the Board
Gameone Holdings Limited
Sze Yan Ngai
Chairman and Executive Director

Hong Kong, 10 May 2018

As at the date of this announcement, the executive Directors are Mr. Sze Yan Ngai and Mr. Lam Kin Fai; the non-executive Director is Ms. Wong Pui Yin; and the independent non-executive Directors are Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Lu Tak Meng Teddy.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” 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.