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 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**" 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 is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2018 (the "**Year**"), 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 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*5*	**105,447**	79,634
Cost of services rendered		**(83,883)**	(53,351)
Gross profit		**21,564**	26,283
Other income	*5*	**777**	418
Selling expenses		**(18,920)**	(20,897)
Administrative expenses		**(17,176)**	(18,197)
Other expenses		**(10,879)**	(5,554)
Loss before income tax	*6*	**(24,634)**	(17,947)
Income tax credit	*7*	**–**	242
Loss for the year		**(24,634)**	(17,705)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange difference on translation of financial statements of foreign operations		**413**	(1,392)
Other comprehensive income for the year		**413**	(1,392)
Total comprehensive income for the year		**(24,221)**	(19,097)
Loss for the year attributable to:			
Owners of the Company		**(24,340)**	(17,703)
Non-controlling interests		**(294)**	(2)
		(24,634)	(17,705)

	Notes	**2018**	2017
		HK\$'000	*HK\$'000*
Total comprehensive income attributable to:			
Owners of the Company		**(23,927)**	(19,095)
Non-controlling interests		**(294)**	(2)
		(24,221)	(19,097)

	Notes	**2018**	2017
		HK\$	*HK\$*
Losses per share	*9*		
– Basic and Diluted		**(0.15)**	(0.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,739**	3,375
Intangible assets		**8,080**	20,116
		9,819	23,491
Current assets			
Inventories		**23**	26
Trade receivables	*10*	**5,137**	14,094
Prepayments, deposits and other receivables	*11*	**7,727**	16,162
Amounts due from non-controlling shareholders of a subsidiary	*14*	**–**	400
Tax recoverable		**98**	98
Cash at banks and on hand		**45,684**	42,459
		58,669	73,239
Current liabilities			
Trade payables	*12*	**3,744**	2,521
Accrued expenses and other payables	*13*	**5,671**	5,794
Deferred income	*13*	**–**	16,741
Contract liabilities	*13*	**11,674**	–
Amount due to a related company	*14*	**43**	97
		21,132	25,153
Net current assets		**37,537**	48,086
Total assets less current liabilities		**47,356**	71,577
Non-current liabilities			
Deferred taxation		**–**	–
Net assets		**47,356**	71,577

	Notes	**2018**	2017
	Notes	***HK$'000***	*HK$'000*
EQUITY			
Share capital		**1,600**	1,600
Reserves		**45,656**	69,583
Equity attributable to the Company's owners		**47,256**	71,183
Non-controlling interests		**100**	394
Total equity		**47,356**	71,577

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 of Hong Kong Limited (the "**Stock Exchange**") on 13 January 2016.

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries are engaged 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.

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2018

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the periods to which the transition provision exemptions related have passed.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

*HKFRS 9 Financial Instruments ("**HKFRS 9**")*

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("**FVTPL**"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** HK$'000	**Carrying amount as at 1 January 2018 under HKFRS 9** HK$'000
Amounts due from non-controlling shareholders of a subsidiary	Loans and receivables	Amortised cost	400	400
Deposits and other receivables	Loans and receivables	Amortised cost	1,071	1,071
Trade receivables	Loans and receivables	Amortised cost	14,094	14,094
Cash and cash equivalents	Loans and receivables	Amortised cost	42,459	42,459

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognised ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

No additional impairment for trade and other receivables as at 1 January 2018 is recognised as the amount of additional impairment measured under the ECLs model is immaterial.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which recognises a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 January 2018 and 31 December 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

Other financial assets at amortised cost of the Group including other receivables and amount due from non-controlling shareholders of a subsidiary. No additional impairment for these financial assets as at 1 January 2018 and 31 December 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not interested significantly since its initial recognition.

*HKFRS 15 Revenue from Contracts with Customers ("**HKFRS 15**")*

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method with practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

Under HKFRS 15, an entity normally recognizes revenue when a performance obligation is satisfied. Impact of HKFRS 15 on the revenue recognition may take into consideration when multiple performance obligations are identified. Based on its assessment, the Group has not identified multiple performance obligations and has no material impact upon adoption of HKFRS 15 to the financial statements other than the presentation of additional disclosure.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

Amendments to HKAS 40 – Transfers of Investment Property

Amendments to HKAS 40, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

HK(IFRIC)–Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

(b) New/revised HKFRSs that have been issued but are not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

5 Effective for business combinations and asset acquisitions for which the acquisitions date is on or after the beginning of the first annual periods beginning on or after 1 January 2020.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all 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 financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

(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. The game operation income and license fee income are recognized over time while the game publishing income is recognized 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.

	2018	2017
	HK$'000	*HK$'000*
By country/region		
Hong Kong (place of domicile)	**96,231**	72,024
Taiwan	**9,025**	7,365
Others	**191**	245
	105,447	79,634

Non-current assets

	2018	2017
	HK$'000	*HK$'000*
By country/region		
Hong Kong (place of domicile)	**9,450**	22,388
Taiwan	**366**	1,091
PRC	**3**	12
	9,819	23,491

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:

	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customer within scope of HKFRS 15:		
Game operation income	**102,754**	74,020
Game publishing income	**1,794**	5,276
Royalty income	**489**	23
License fee income	**410**	315
	105,447	79,634
Other income		
Interest income	**116**	9
Other income	**661**	409
	777	418
	106,224	80,052

6. LOSS BEFORE INCOME TAX

Loss before income tax expense is arrived at after charging (crediting):

	2018 *HK$'000*	2017 *HK$'000*
Under cost of services rendered:		
Amortisation of intangible assets	**9,050**	5,453
Royalty expenses	**33,079**	17,370
Services charged by game distribution channels	**25,912**	16,246
Under administrative expenses:		
Auditor's remuneration	**607**	606
Exchange losses/(gain), net	**297**	(71)
Operating lease charges	**2,556**	3,181
Under other expenses:		
Impairment on intangible assets	**4,754**	5,544
Loss on disposal of property, plant and equipment	**149**	10
Written off of prepayment	**5,575**	–
Depreciation of property, plant and equipment:		
– Under cost of services rendered	**1,188**	1,072
– Under administrative expenses	**968**	1,124
	2,156	2,196
Staff costs excluding directors' remuneration:		
– Salaries and allowances	**15,608**	14,255
– Contributions on defined contribution retirement plan	**1,331**	1,142
– Discretionary bonuses	**835**	993
	17,774	16,390

No depreciation was included in the cost of research and development for the Year (2017: Nil). The salaries included in the cost of research and development for the Year amounted to approximately HK$6,722,000 (2017: approximately HK$5,791,000).

7. INCOME TAX CREDIT

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Tax for the year	**–**	–
– Over provision in prior years	**–**	–
	–	–
Current tax – PRC Tax		
– Tax for the year	**–**	–
	–	–
Deferred tax	**–**	(242)
Income tax credit	**–**	(242)

No provision for PRC Enterprise Income Tax (the "**EIT**") was made as the Group has not generated any tax assessable profits in the PRC for both years. A provision for the EIT in the PRC is calculated at the applicable rate of 25% in accordance with the relevant laws and regulation in PRC.

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 17% 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 loss at applicable tax rate is as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss before income tax	**(24,634)**	(17,947)
Tax on loss before income tax, calculated at rates applicable to profits in the tax jurisdictions concerned	**(3,937)**	(2,961)
Tax effect of non-deductible expenses	**85**	379
Tax effect of non-taxable revenue	**(2)**	(5)
Tax effect of tax losses not recognised	**3,803**	2,309
Utilisation of tax losses previously not recognised	**–**	36
Other	**51**	–
Income tax credit	**–**	(242)

8. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the year (2017: 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 (2017: 160,000,000 ordinary shares) in issue.

The calculation of basic loss 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 reorganisation, capitalisation issue, and placing of shares upon the listing of the Company's shares on GEM of the Stock Exchange on 13 January 2016.

No diluted earnings per share is calculated for the Year (2017: Nil) as there was no potential dilutive ordinary share in existence.

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**5,137**	14,094

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:

	2018	2017
	HK$'000	*HK$'000*
Not more than 30 days	**4,478**	11,233
30-60 days	**577**	2,624
Over 60 days	**82**	237
	5,137	14,094

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the Year, the Group has no written off trade receivables (2017: Nil) directly to the profit or loss for the year. None of the trade receivables as at 31 December 2018 (2017: Nil) have been identified by the Group as having an impairment issue.

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

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Prepayments	**6,337**	15,091
Deposits	**561**	804
Other receivables	**829**	267
	7,727	16,162

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, DEFERRED INCOME AND CONTRACT LIABILITIES

	2018	2017
	HK$'000	*HK$'000*
Accrued expenses	**4,114**	4,484
Other payables	**1,557**	1,292
Receipt in advance	**–**	18
	5,671	5,794
Deferred income	**–**	16,741
	5,671	22,535

CONTRACT LIABILITIES

	31.12.2018	1.1.2018*
	HK$'000	*HK$'000*
Receipt in advance	**3,860**	18
Deferred income	**7,814**	16,741
	11,674	16,759

* The amounts in this column are after the adjustments from the application of HKFRS 15.

Contract liabilities mainly represents the unamortised portion of income received in respect of in-game virtual items paid by paying players for online and mobile game services.

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

14. AMOUNTS DUE FROM/(TO) A RELATED COMPANY AND NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

(a) Amounts due from non-controlling shareholders of a subsidiary

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Innopage Limited	*(i) & (ii)*	**–**	200
Tommo Inc.	*(i) & (ii)*	**–**	200
		–	400

(i) The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

(ii) Both companies are the minority shareholders of GO Studio Limited, a subsidiary of the Company.

(b) Amount due to a related company

	2018 **HK$'000**	2017 *HK$'000*
Suzhou Snail Digital Technology Company Limited	**43**	97

Its subsidiary, Snail Digital (HK) Limited, is a shareholder of the Company. The amount related to game operation of the Group. It was trade in nature, unsecured, interest-free and has no fixed terms of repayment.

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 Year, the Group recorded a net loss of approximately HK$24.6 million as compared to a net loss of approximately HK$17.7 million for the same period in 2017. The Directors are of the view that the downturn experienced by the Group during the Year was mainly attributable to the recognition of impairment loss on the intangible assets of certain games of the Group due to the write-down of license fees paid for certain games of the Group launched in the third and fourth quarters which failed to achieve the expected performance level, one-off royalty bonus from our licensed mobile game, Demi-Gods and Semi Devils (Mobile version) (天龍八部手機版) which was recognized in the second quarter, and increase in cost of sales of royalty expenses and channel fee.

In view of the expected game launch date and in order to increase our competitiveness in mobile games market in Hong Kong and Taiwan, the Board will closely monitor the performance of the Group and the Group will continue to pursue key business strategies to expand its gaming portfolio through introducing more high-quality licensed games with 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.

USE OF NET PROCEEDS FROM THE PLACING UPON LISTING

The net proceeds from the Company's placing upon listing on 13 January 2016 (the "**Listing Date**") amounted to approximately HK$25.6 million. Such net proceeds are intended to be and have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As of 31 December 2018, the net proceeds had been fully utilized as stated in the annual report of the Company for the financial year ended 31 December 2017.

FINANCIAL REVIEW

Revenue

The Group's revenue was approximately HK$105.4 million for the Year representing an increase of approximately 32.4% from approximately HK$79.6 million for the corresponding period in 2017, which was primarily attributable to approximately HK$28.7 million increase in our game operation income, mainly from our licensed mobile games namely Demi Gods and Semi Devils (Mobile Version) (天龍八部手機版).

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			
	2018		2017	
	HK$'000	***%***	*HK$'000*	*%*
Game operation income				
– Self/co-developed games	**9,670**	**9.2**	17,851	22.4
– Licensed games	**93,084**	**88.3**	56,169	70.5
Game publishing income				
– Games for publishing	**1,794**	**1.7**	5,276	6.6
Income from game operation and publishing	**104,548**	**99.2**	79,296	99.5
Royalty income	**489**	**0.5**	23	0.1
License fee income	**410**	**0.3**	315	0.4
Total	**105,447**	**100**	79,634	100.0

We offered our games in three 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			
	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Mobile games	**95,709**	**90.8**	67,111	84.2
Online PC games	**8,839**	**8.4**	12,185	15.3
Income from game operation and publishing	**104,548**	**99.2**	79,296	99.5
Royalty income	**489**	**0.5**	23	0.1
License fee income	**410**	**0.3**	315	0.4
Total	**105,447**	**100**	79,634	100.0

Cost of services rendered

The Group's cost of services rendered for the Year was approximately HK$83.9 million, representing an increase of approximately 57.1% from approximately HK$53.4 million for the corresponding period in 2017, which was primarily attributable to the combined effect of (i) an approximately HK$9.7 million increase in channel fees; (ii) an approximately HK$15.7 million increase in royalty expenses primarily resulted from an increase in our game operation income and one-off royalty bonus from our licensed mobile game, Demi Gods and Semi Devils (Mobile Version) (天龍八部手機版), for the Year; and (iii) an approximately HK$3.6 million increase in amortization of our intangible assets during the Year.

Gross profit and gross profit margin

The Group's gross profit for the Year was approximately HK$21.6 million, representing a decrease of approximately 17.9% from approximately HK$26.3 million for the year ended 31 December 2017, primarily due to an increase in royalty expenses and channel fee of our licensed mobile games. The Group's gross profit margin for the Year was approximately 20.5%, representing decrease of approximately 12.5 percentage points compared to approximately 33.0% for the year ended 31 December 2017. The decrease in the Group's gross profit margin was primarily due to the increase in royalty expenses and channel fee of our licensed mobile games.

Selling expenses

The Group's selling expenses for the Year were approximately HK$18.9 million, representing a decrease of approximately 9.6% from approximately HK$20.9 million for the corresponding period in 2017, primarily attributable to a decrease in advertising and promotion expenses.

Administrative expenses

The Group's administrative expenses for the Year were approximately HK$17.2 million, representing a decrease of approximately 5.5% from approximately HK$18.2 million for the year ended 31 December 2017, primarily attributable to a decrease in legal and professional fees.

Other expenses

The Group's other expenses was approximately HK$10.9 million for the Year representing an increase of approximately 94.6% from approximately HK$5.6 million for the corresponding period in 2017, which was mainly attributable to the recognition of impairment loss on the intangible assets of certain games of the Group due to the write-down of license fees paid for certain games of the Group which launched in third and fourth quarters and failed to achieve the expected performance level.

Loss for the year

The Group recorded a loss for the Year of approximately HK$24.6 million as compared with a loss of approximately HK$17.7 million for the corresponding period in 2017, which was primarily attributable to a decrease of approximately HK$4.7 million in the gross profit for the Year as a result of an increase in the royalty expenses and channel fee from the Group's licensed mobile games, and one-off royalty bonus from our licensed mobile games, Demi-Gods and Semi Devils (Mobile version) (天龍八部手機版) which was recognized in the second quarter. Furthermore, the recognition of impairment loss on the intangible assets of certain games of the Group due to the write-down of license fees paid for certain games of the Group which launched in the third and fourth quarters and failed to achieve the expected performance level.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on 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.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During the Year, we did not have any bank borrowings. As at 31 December 2018, we had cash and cash equivalents of approximately HK$45.7 million (31 December 2017: approximately HK$42.5 million), which were cash at banks and on hand. No banking facility has been arranged by our Group during the Year.

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.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Year, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any concrete plan for material investments or capital assets as at 31 December 2018.

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 US 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, we did not have any short-term or long-term bank borrowings.

As at 31 December 2018, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was approximately 30.9% (31 December 2017: approximately 26.0%).

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 monitors 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 2018, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (31 December 2017: Nil).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

COMMITMENTS

Our contract commitments mainly involve leases of office properties and acquisition of intangible assets. As at 31 December 2018, the Group's operating leases were approximately HK$3.3 million (31 December 2017: approximately HK$2.7 million) and capital commitments for acquisition of intangible assets were approximately HK$2.4 million (31 December 2017: approximately HK$4.0 million).

INFORMATION ON EMPLOYEES

As at 31 December 2018, the Group had 69 employees (31 December 2017: 82) working in Hong Kong, Taiwan and the People's Republic of China (the "**PRC**"). 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 amounted to approximately HK$22.0 million (31 December 2017: approximately HK$21.1 million). The dedication and hard work of the Group's staff during the Year are generally appreciated and recognized.

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 Year, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Scheme.

FUTURE PROSPECTS

We strive to introduce high-quality games and deliver the superior game experience to players in order to retain their interests in our games. It is our constant endeavor to elevate the awareness of our brand-name in order to associate our brand with high-quality games and appealing game experience. This is achieved through investments in talents, expanding our game development team and hiring more staff, upgrades of software such as game engines, game-designing tools, and the acquisition of hardware to accommodate increasing technical demands for operating the games. Furthermore, our investment in technology, both in terms of hardware and software, would raise the entry barrier for future competitors as well as maintaining our competitive edge against existing competitors.

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.

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. During the Year, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code.

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 year under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, 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 Pui Yain, Mr. Wong Kiam Seng and Mr. Sze Yan Ngai (together called, the "**Covenanting Shareholders**") 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.

During the Year, the Board had not received any written confirmation from any of our 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.

DONATION

Charitable donations made by the Group during the Year amounted to approximately HK$3 thousand (31 December 2017: approximately HK$0.1 million).

INTERESTS OF THE COMPLIANCE ADVISOR

As confirmed by the Group's compliance advisor, Innovax Capital Limited (the "**Compliance Advisor**"), save as the compliance adviser agreement entered into between the Company and the Compliance Advisor dated 18 December 2015, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2017: Nil).

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 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. 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. Iu Tak Meng Teddy, our independent non-executive Director, and other members include Mr. Yung Kai Tai and Dr. Fung Ying Him Anthony, our independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the GEM 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 Director 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 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 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.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**AGM**") is scheduled to be held on Monday, 6 May 2019. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 30 April 2019 to Monday, 6 May 2019, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 29 April 2019.

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

Hong Kong, 22 March 2019

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 Yain; and the independent non-executive Directors are Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Iu Tak Meng Teddy.

This announcement will remain on the GEM website at http://www.hkgem.com 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.