

TARGET

Intelligence Report

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GAMEONE HOLDINGS LTD: THE UPS AND DOWNS OF THIS MOBILE GAMES COMPANY

More Downs Than Ups, However

On or about Monday, October 30, 2023, Management of Gameone Holdings Ltd (智傲控股有限公司) (Code: 8282, The Growth Enterprise Market – The GEM – The Stock Exchange of Hongkong Ltd) published and disseminated a four-page announcement in the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), headlined: ‘**PROFIT WARNING.**’

The following is a verbatim copy of this announcement, signed off by the Chairman and Executive Director of the Company: Mr Liu Yi (劉漪):

‘This announcement is made by Gameone Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

‘The board (the “Board”) of directors (the “Directors”) of the Company wishes to inform the shareholders (the “Shareholders”) and potential investors of the Company that, based on a preliminary review on the unaudited management accounts of the Group for the nine months ended 30 September 2023 (the “Period”) and assessment of the latest information currently available to the Board, the Group is expected to record a net loss for the Period of approximately HK\$16.3 million, as compared with a net loss recorded of approximately HK\$7.9 million for the same period in 2022. Such expected increase in net loss is mainly attributable to (i) the decrease in revenue contribution from the Group’s licensed mobile games and self/co-developed games by approximately 20.5% as compared to the same period in 2022; and (ii) the increase in staff cost during the Period.

‘This announcement is made solely on the basis of the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the Period and the latest information currently available to the Board. Such management accounts have not been audited or reviewed by the Company’s auditor or reviewed by the audit committee of the Company and are subject to finalization and adjustments. Further details of the Group’s performance of the Period will be provided in an announcement of the third quarterly results of the Group, which is expected to be published on 8 November 2023. The Shareholders and potential investors of the Company are advised to read carefully the said the third quarterly results announcement of the Company when it is published in accordance with the GEM Listing Rules.

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

The above announcement came about two months after the publication of the Interim Report 2023, a 26-Page Report that, also, was published and disseminated in the HKSAR.

THE 2022 ANNUAL REPORT OF GAMEONE HOLDINGS LTD

The 2022 Annual Report of Gameone Holdings Ltd was published and disseminated in the HKSAR on or about Thursday, March 28, 2023, with regard to the Financial Year, ended December 31, 2022.

At Page Five of the 2022 Annual Report, Mr Liu Yi, put pen to paper, so to speak, and informed shareholders of the following intelligence:

‘OVERVIEW

*‘The outbreak of the novel Coronavirus 2019 since the beginning of 2020 is a fluid and challenging situation faced by all the industries of Hong Kong and the worldwide. For the financial year ended 31 December 2022, the Group recorded a net loss of approximately HK\$11.1 million as compared to a net profit of approximately HK\$0.6 million for the same period in 2021. The turnaround from profit to loss was mainly attributable to (1) the Group’s gross profit for 2022 decreased by HK\$9.4 million compared with that of 2021 due to the decrease in the Group’s game operation income from licensed mobile games such as “**Teddy Boy M** (古惑仔M)” and “**ACE SOCCER** (球場風雲)”; (2) the Group’s administrative expense for 2022 increased by HK\$ 4.9 million due to the increase in expenses such as staff cost, printing stationery and office supplies.*

‘FUTURE PROSPECTS

*‘In 2022, we have established our headquarter, Zhejiang Gameone Holding Group Limited (浙江智傲控股集團有限公司) (“**Zhejiang Gameone**”), in Linping District, Hangzhou City, Zhejiang Province.*

Through market development throughout 2022, we have opened up the situation in the China mainland market and expanded our revenue level. Through the expansion of new businesses, we have verified the stickiness of Chinese consumers to apps such as Tiktok and Kuaishou. We are further optimistic about the wide application of short video and live streaming e-commerce in the China mainland market. Based on our headquarters in Hangzhou, we will conduct in-depth research on how to expand our market share in China mainland.

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

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