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## THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Gameone Holdings Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

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**COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY  
INNOVAX SECURITIES LIMITED FOR AND ON BEHALF OF TOPLIU LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF GAMEONE HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
TOPLIU LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**Financial adviser to the Offeror**



**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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Capitalised terms used on this cover page shall have the same meanings as those defined in this Composite Document unless the context requires otherwise.

A letter from Innovax Securities containing, among other things, the details of the terms and conditions of the Offer, is set out on pages 7 to 16 of this Composite Document.

A letter from the Board is set out on pages 17 to 22 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 23 to 24 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer is set out on pages 25 to 56 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Thursday, 6 January 2022 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "IMPORTANT NOTICE" contained in this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at [www.gameone.com.hk](http://www.gameone.com.hk) as long as the Offer remains open.

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## CHARACTERISTICS OF GEM

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong time and dates.*

<b>Event</b>	<b>Time &amp; Date</b>
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer <sup>(Note 1)</sup> . . . . .	Thursday, 16 December 2021
Latest time and date for acceptance of the Offer <sup>(Note 2)</sup> . . . . .	by 4:00 p.m. on Thursday, 6 January 2022
Closing Date <sup>(Note 2)</sup> . . . . .	Thursday, 6 January 2022
Announcement of the results of the Offer (or its extension or revision, if any) to be posted on the website of the Stock Exchange <sup>(Note 2)</sup> . . . . .	no later than 7:00 p.m. on Thursday, 6 January 2022
Latest date for posting of remittances in respect of valid acceptances received under the Offer <sup>(Note 3)</sup> . . . . .	Monday, 17 January 2022

*Notes:*

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed "6. Right of Withdrawal" in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Thursday, 6 January 2022 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued jointly by the Offeror and the Company through the website of the Stock Exchange by no later than 7:00 p.m. on Thursday, 6 January 2022 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer, and the announcement regarding the extension of the Offer does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.

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## EXPECTED TIMETABLE

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4. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a “black rainstorm warning signal”, or “extreme condition” caused by super typhoon, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. In such cases, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings or condition in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

The Offeror and the Company will jointly notify the Independent Shareholders by way of announcement(s) in the event of any change to the expected timetable as and when appropriate.

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## **IMPORTANT NOTICE**

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### **NOTICE TO THE OVERSEAS SHAREHOLDERS**

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror and the parties acting in concert with it, the Company, Innovax Capital, Innovax Securities, Shanggu Securities, the Registrar, the company secretary of the Company or (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay. Please see the paragraph headed “Overseas Shareholders” in the “Letter from Innovax Securities” and the paragraph headed “8. Overseas Shareholders” in Appendix I to this Composite Document for further details.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

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## DEFINITIONS

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*In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:*

“acting in concert” or “concert parties”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Closing Date”	6 January 2022, the closing date of the Offer, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	Gameone Holdings Limited (stock code: 8282), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Consideration”	the consideration of HK\$48,960,000 paid by the Purchasers to the Vendors for the acquisition of the Sale Shares under the Sale and Purchase Agreement

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## DEFINITIONS

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“Director(s)”	the director(s) of the Company from time to time
“Encumbrances”	any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances and any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility Agreement”	the facility agreement entered into by Innovax Securities as the lender, the Offeror as the borrower and Mr. Liu as the guarantor in relation to a loan facility of up to HK\$28,000,000 for financing the consideration payable by the Offeror pursuant to the Offer
“First Vendor”	PC Investment Limited, a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 50% by Ms. Wong Pui Yain and 50% by Mr. Wong Kiam Seng
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended by the Stock Exchange from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising all the non-executive Directors who have no direct or indirect interest in the Offer, being Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Iu Tak Meng Teddy, which has been established for the purpose of advising and giving a recommendation to the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Shanggu Securities”	Shanggu Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer
“Independent Shareholders”	the Shareholders, other than the Offeror and the parties acting in concert with it
“Innovax Capital”	Innovax Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offer
“Innovax Securities”	Innovax Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 25 November 2021 in relation to, among other things, the Sale and Purchase Agreement and the Offer
“Last Trading Day”	24 November 2021, being the last trading day of the Shares before the publication of the Joint Announcement
“Latest Practicable Date”	13 December 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Mr. Huang”	Mr. Huang Jianying (黃健穎), one of the Purchasers

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## DEFINITIONS

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“Mr. Liu”	Mr. Liu Yi (劉漪), the sole director and sole beneficial shareholder of the Offeror
“Nineyou”	Nineyou International Limited, a company incorporated in the Cayman Islands and the beneficial owner of the Nineyou’s Shares
“Nineyou’s Shares”	18,367,182 Shares, representing approximately 11.48% of the total issued share capital of the Company as at the Latest Practicable Date
“Nineyou’s Undertaking”	the irrevocable undertaking dated 25 November 2021 given by Nineyou to the Offeror not to accept the Offer
“Offer”	the mandatory unconditional cash offer made by Innovax Securities on behalf of the Offeror to acquire all the Offer Shares
“Offer Period”	has the same meaning ascribed to it under the Takeovers Code and commencing from 25 November 2021, being the date of the Joint Announcement, and ending on the date when the Offer closes
“Offer Price”	HK\$0.6 per Offer Share in respect of the Offer
“Offer Shares”	all the Shares in issue, other than those Shares already owned and/or agreed to be acquired by the Offeror and the parties acting in concert with it (including Mr. Huang), and each an “Offer Share”
“Offeror”	Topliu Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially and wholly-owned by Mr. Liu
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China and for the purpose of this Composite Document, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Purchasers”	collectively, the Offeror and Mr. Huang

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## DEFINITIONS

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“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Remaining Shares”	14,191,572 Shares, representing 8.87% of the total issued share capital of the Company, in which 9,894,235 Shares, representing approximately 6.18% of the total issued share capital of the Company, were held by the First Vendor, and 4,297,337 Shares, representing approximately 2.69% of the total issued share capital of the Company, were held by the Second Vendor, respectively, immediately after Completion and as at the Latest Practicable Date
“Relevant Period”	the period commencing from 25 May 2021, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 25 November 2021 entered into by and among the Vendors and the Purchasers in relation to the sale and purchase of the Sale Shares
“Sale Shares”	81,600,000 Shares, representing 51.00% of the total issued share capital of the Company as at the Latest Practicable Date, sold by the Vendors to the Purchasers pursuant to the Sale and Purchase Agreement, and each a Sale Share
“Second Vendor”	Right One Global Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned as to 50% by Mr. Sze Yan Ngai and 50% by Ms. Chan Lai Chu
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Undertakings”	collectively, the Nineyou’s Undertaking and the Vendors’ Undertakings
“Vendors”	collectively, the First Vendor and the Second Vendor
“Vendors’ Undertakings”	the irrevocable undertakings dated 25 November 2021 given by each of the Vendors to the Offeror not to accept the Offer
“%”	per cent.

*Note:* The English transliteration of the Chinese name(s) in this Composite Document, where indicated by an asterisk (\*), is included for identification purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

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LETTER FROM INNOVAX SECURITIES

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Innovax Securities Limited  
Unit A-C, 20/F  
Neich Tower  
128 Gloucester Road  
Wan Chai, Hong Kong

16 December 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
INNOVAX SECURITIES LIMITED  
FOR AND ON BEHALF OF  
TOPLIU LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMEONE HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED  
AND/OR AGREED TO BE ACQUIRED  
BY TOPLIU LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement dated 25 November 2021 in relation to, among other things, the Sale and Purchase Agreement and the Offer.

The Company was informed by the Vendors that on 25 November 2021 (after trading hours), the Offeror and Mr. Huang as purchasers entered into the Sale and Purchase Agreement with the Vendors, pursuant to which (i) the Offeror conditionally agreed to acquire 56,893,000 Shares, representing approximately 35.56% of the total issued share capital of the Company as at the Latest Practicable Date, from the First Vendor; and (ii) Mr. Huang conditionally agreed to acquire 24,707,000 Shares, representing approximately 15.44% of the total issued share capital of the Company as at the Latest Practicable Date, from the Second Vendor, in aggregate representing a total of 81,600,000 Shares (equivalent to 51.00% of the total issued share capital of the Company as at the Latest Practicable Date) for the aggregate Consideration of HK\$48,960,000, equivalent to HK\$0.6 per Sale Share.

The Completion took place on 26 November 2021. Immediately before Completion, none of the Offeror and the parties acting in concert with it was interested in any Shares. Upon Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it (including Mr. Huang) were interested in 81,600,000 Shares, representing 51.00% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares, being all the issued Shares other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it.

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## LETTER FROM INNOVAX SECURITIES

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This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details on the terms and procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser", the appendices as contained in this Composite Document as well as the accompanying Form of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

### THE OFFER

Innovax Securities, on behalf of the Offeror and in compliance with the Takeovers Code, is now making the Offer to acquire all the Offer Shares on the following basis:

For each Offer Share . . . . . HK\$0.6 in cash

The Offer Price of HK\$0.6 per Offer Share is equal to the purchase price per Sale Share paid by the Purchasers pursuant to the Sale and Purchase Agreement.

The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

As at the Latest Practicable Date, the Company had not declared any dividend which remains unpaid, and the Company had no intention to declare, make or pay any dividend or other distributions prior to the close of the Offer.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares.

### The Offer Price

The Offer Price of HK\$0.6 per Offer Share is equal to the purchase price per Sale Share paid by the Purchasers under the Sale and Purchase Agreement and represents:

- (i) a premium of approximately 1.69% to the closing price of HK\$0.590 per Share as quoted on the Stock Exchange on 13 December 2021, being the Latest Practicable Date;

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## LETTER FROM INNOVAX SECURITIES

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- (ii) a premium of approximately 1.69% to the closing price of HK\$0.590 per Share as quoted on the Stock Exchange on 24 November 2021, being the Last Trading Day;
- (iii) a discount of approximately 1.96% to the average closing price of HK\$0.612 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 9.09% to the average closing price of approximately HK\$0.550 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 26.32% to the average closing price of approximately HK\$0.475 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 181.93% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.213 per Share as at 31 December 2020, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$34,051,000 as at 31 December 2020 by 160,000,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 242.76% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.175 per Share as at 30 June 2021, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$28,008,000 as at 30 June 2021 by 160,000,000 Shares in issue as at the Latest Practicable Date.

### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.700 per Share on 23 November 2021 and HK\$0.270 per Share on 27 May 2021 to 28 May 2021, 31 May 2021 to 4 June 2021 and 7 June 2021 to 9 June 2021, respectively.

### **Total value of the Offer**

As at the Latest Practicable Date, the total number of issued shares of the Company is 160,000,000 Shares. Hence, excluding (i) 81,600,000 Shares, representing 51.00% of the total issued share capital of the Company as at the Latest Practicable Date, held by the Offeror and parties acting in concert with it (including Mr. Huang) after Completion; (ii) the Remaining Shares (i.e. 14,191,572 Shares, representing approximately 8.87% of the total issued share capital of the Company as at the Latest Practicable Date) held by the Vendors which served the irrevocable undertakings dated 25 November 2021 to the Offeror

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## LETTER FROM INNOVAX SECURITIES

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undertaking not to accept the Offer and not to take any other action to make those Shares available for acceptance; and (iii) the Nineyou's Shares (i.e. 18,367,182 Shares, representing approximately 11.48% of the total issued share capital of the Company as at the Latest Practicable Date) held by Nineyou which served an irrevocable undertaking dated 25 November 2021 to the Offeror undertaking not to accept the Offer and not to take any other action to make those Shares available for acceptance, and assuming the Offer is accepted in full and on the basis that there is no change in the issued share capital of the Company up to the close of the Offer, a total of 45,841,246 issued Shares (representing approximately 28.65% of the total issued share capital of the Company as at the Latest Practicable Date) will be subject to the Offer and the maximum cash consideration payable by the Offeror under the Offer will be HK\$27,504,747.6 based on the Offer Price of HK\$0.6 per Offer Share.

### **Irrevocable Undertakings not to accept the Offer**

After Completion, the Vendors remained to be the beneficial owners of the Remaining Shares. On 25 November 2021, each of the Vendors has given an irrevocable undertaking to the Offeror that, in respect of the respective Remaining Shares held by them, (i) they will not accept the Offer or sell any of the Remaining Shares to the Offeror, Mr. Huang or the parties acting in concert with them under the Offer; (ii) they will not take any other action to make the Remaining Shares available for acceptance of the Offer; and (iii) they will hold the Remaining Shares until, and shall not sell, transfer, dispose of or create or agree to create any encumbrance of or otherwise create any interests on the Remaining Shares before, the close of the Offer. Such irrevocable undertakings will cease upon the close of the Offer.

As at the Latest Practicable Date, Nineyou held 18,367,182 Shares, representing approximately 11.48% of the total issued share capital of the Company. On 25 November 2021, an irrevocable undertaking has been given by Nineyou to the Offeror pursuant to which Nineyou (i) will not accept the Offer or sell any of the Nineyou's Shares to the Offeror, Mr. Huang or the parties acting in concert with them under the Offer; (ii) will not take any other action to make the Nineyou's Shares available for acceptance of the Offer; and (iii) will hold the Nineyou's Shares until, and shall not sell, transfer, dispose of or create or agree to create any encumbrance of or otherwise create any interests on the Nineyou's Shares before, the close of the Offer. Such irrevocable undertaking will cease upon the close of the Offer.

### **Financial resources available to the Offeror**

The maximum amount of cash consideration payable by the Offeror under the Offer will be HK\$27,504,747.6, assuming there is no change in the issued share capital of the Company up to the close of the Offer. The Offeror intends to finance and satisfy the consideration payable under the Offer by the loan facility provided by Innovax Securities under the Facility Agreement.

Pursuant to the Facility Agreement, for the purpose of ensuring the Offeror will have sufficient resources for the repayment of the loan, (i) the Sale Shares acquired by the Offeror under the Sale and Purchase Agreement have been deposited into, and any Offer Shares to be acquired by the Offeror under the Offer will be deposited into, the Offeror's

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## LETTER FROM INNOVAX SECURITIES

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securities account maintained with Innovax Securities; (ii) the Offeror shall not withdraw any amounts or Shares from its securities account without the prior written consent of Innovax Securities; and (iii) the Shares deposited into such securities account will be treated as collateral under the Facility Agreement if any amount of the facility is utilised. As at the Latest Practicable Date, Innovax Securities did not hold any Shares. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facility Agreement will not depend to any significant extent on the business of the Group.

Innovax Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable by the Offeror upon full acceptance of the Offer.

### **Effects of accepting the Offer**

By accepting the Offer, the Independent Shareholders shall sell their Shares free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made. Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all the Shares to be sold by such person under the Offer are fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

As at the Latest Practicable Date, the Company had not declared any dividend which remains unpaid, and the Company has no intention to declare, make or pay any dividend or other distributions prior to the close of the Offer.

The Offer is unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer by any Independent Shareholders will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Hong Kong stamp duty**

Seller's ad valorem stamp duty on acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable in respect of the relevant acceptances of the Offer by the Offeror, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar).

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## LETTER FROM INNOVAX SECURITIES

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The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### **Payment**

Payment in cash in respect of the acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the date on which the duly completed acceptances of the Offer are received. Relevant documents evidencing title in respect of such acceptances must be received by the Offeror (or its agent) to render such acceptance of the Offer complete and valid in accordance with Note 1 to Rule 30.2 of the Takeovers Code.

### **Overseas Shareholders**

The Offeror intends to make the Offer available to all the Independent Shareholders, including those with registered addresses in a jurisdiction outside Hong Kong. The availability of the Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with registered addresses in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdiction.

Any acceptance by the Independent Shareholders with a registered address in a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such overseas Independent Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws. Such overseas Independent Shareholders should consult their respective professional advisers if in doubt.

### **Taxation advice**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and/or the parties acting in concert with it, the Company, Innovax Capital, Innovax Securities, Shanggu Securities, the Registrar, or (as the case may be) their

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## LETTER FROM INNOVAX SECURITIES

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respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### INFORMATION ON THE GROUP

Details of the information on the Group are set out in the paragraph headed “Information on the Group” in the “Letter from the Board” contained in this Composite Document.

### INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the Latest Practicable Date, the Offeror was wholly-owned by Mr. Liu. Mr. Liu is the sole director of the Offeror.

Mr. Liu, aged 37, obtained his master degree in advanced computer science from the University of Cambridge in July 2012. Since 2018, Mr. Liu has been the chief science officer of Hangzhou Zifu Interactive Network Technology Co., Ltd., a company principally engaged in the business of research and development of information technology and information integration system (“**Hangzhou Zifu**”), and he is also the executive director and general manager of Hangzhou Zifu. Moreover, Mr. Liu is the executive director and general manager of Yawang Zhiye (Hangzhou) Co., Ltd.\* (樅網置業(杭州)有限公司), a private company engaged in property management and development of commercial and office buildings in Hangzhou, the PRC. Since February 2021, Mr. Liu has been a non-independent director of Anhui Wantong Technology Co., Ltd.\* (安徽皖通科技股份有限公司), a company listed on the Shenzhen Stock Exchange with a stock code of 002331.SZ.

In August 2020, Mr. Liu was accredited as a Class B High-Level Talent under the Measure of Yuhang District of Hangzhou on the Classification and Identification of High-Level Talents\* (杭州市余杭區高層次人才分類認定辦法). Currently, Mr. Liu serves as a standing member of the Chinese People’s Political Consultative Conference of Hangzhou Linping District and vice chairman of Hangzhou Linping District Federation of Overseas Chinese\* (杭州市臨平區歸國華僑聯合會).

### INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing businesses of the Group. The Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets immediately after the close of the Offer. Following the close of the Offer, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group and explore other investment or business opportunities to diversify the business of the Group with an objective to broaden its income source. As at the Latest Practicable Date, the Offeror (i) had not identified any investment or business opportunity; and (ii) had no intention to terminate the employment of any

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## LETTER FROM INNOVAX SECURITIES

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employees of the Group or make significant changes to any employment (except for the proposed change of the Board composition as detailed in the section sub-headed “Changes to the composition of the Board” below).

### **Changes to the composition of the Board**

As at the Latest Practicable Date, the Board comprised six Directors, being two executive Directors, namely Mr. Sze Yan Ngai and Mr. Cheung Chung Wai; one non-executive Director, namely Ms. Wong Pui Yain; and three independent non-executive Directors, namely Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Iu Tak Meng Teddy.

It is expected that all executive Directors (except Mr. Sze Yan Ngai) and the non-executive Director will resign from the Board with effect from the earliest time permitted under the Takeovers Code. It is expected that Mr. Sze Yan Ngai will remain as an executive Director after the close of the Offer. The Offeror had nominated Mr. Liu and Mr. Huang as the new executive Directors of the Company. The Board had approved such nominations, and the aforesaid appointments of Mr. Liu and Mr. Huang shall take effect after the despatch of this Composite Document. Further announcement in relation to the change of the Directors will be made by the Company as and when appropriate in compliance with the GEM Listing Rules and the Takeovers Code. For the biographical details of Mr. Liu, please refer to “Information on the Offeror” above.

The biographical details of Mr. Huang are as follows:

Mr. Huang, aged 53, obtained his master degree in business administration from Zhejiang University (浙江大學) in June 2006. He has extensive experience in the management and garment industry. Since 2002, Mr. Huang is the chairman and general manager of a private garment company in the PRC.

### **Public float and maintaining the listing status of the Company**

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares of the Company are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealing in the Shares. Therefore, it should be noted that upon closing of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. In this connection, in the event that the public float of the Company falls below 25% upon the

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## LETTER FROM INNOVAX SECURITIES

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close of the Offer, the Offeror will, as soon as practicable, dispose of such number of Shares either directly in the market or through a placing agent to be appointed by the Offeror to ensure that the public float requirement under the GEM Listing Rules can be met. The Company and the Offeror will issue a separate announcement as and when necessary in this regard in compliance with the GEM Listing Rules.

### COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the Closing Date.

### ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the details regarding the procedures for acceptance of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### GENERAL

This Composite Document has been prepared for the purposes of complying with the Laws of Hong Kong, the Takeovers Code and the GEM Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and/or the parties acting in concert with it, the Company, Innovax Capital, Innovax Securities, Shanggu Securities, the Registrar, or (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

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## LETTER FROM INNOVAX SECURITIES

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance which forms part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group which are set out in this Composite Document and to consult your professional advisers, before deciding whether or not to accept the Offer.

Yours faithfully,  
For and on behalf of  
**Innovax Securities Limited**  
**Amy Chau**  
*Director*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Sze Yan Ngai  
Mr. Cheung Chung Wai

*Non-executive Director:*

Ms. Wong Pui Yain

*Independent non-executive Directors:*

Mr. Yung Kai Tai  
Dr. Fung Ying Him Anthony  
Mr. Iu Tak Meng Teddy

*Registered office:*

Maples Corporate Services Limited  
PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

*Head Office and Principal Place of Business  
in Hong Kong:*

Office Unit No. 07  
5 /F, Workingberg Commercial Building  
Nos. 41-47 Marble Road  
Hong Kong

16 December 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFER BY  
INNOVAX SECURITIES LIMITED  
FOR AND ON BEHALF OF  
TOPLIU LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMEONE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
AND/OR AGREED TO BE ACQUIRED  
BY TOPLIU LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement. On 25 November 2021 (after trading hours), the Vendors and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the Sale

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## LETTER FROM THE BOARD

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Shares, being 81,600,000 Shares in aggregate, representing approximately 51.00% of the entire issued share capital of the Company as at the Latest Practicable Date, for an aggregate consideration of HK\$48,960,000, equivalent to HK\$0.6 per Sale Share.

The purchase price per Sale Share under the Sale and Purchase Agreement was arrived at after arm's length negotiations between the Purchasers and the Vendors. Completion took place on 26 November 2021.

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 81,600,000 Shares in aggregate, representing approximately 51.00% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with it).

As at the Latest Practicable Date, the Company has 160,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from Shanggu Securities Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Offer.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Iu Tak Meng Teddy (being all of the independent non-executive Directors) has been established by the Company, to advise the Independent Shareholders in relation to the terms and conditions of the Offer, in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard. Ms. Wong Pui Yain, who is a non-executive Director and owns 50% shareholding interest in and a director of the First Vendor, has direct interests in the Offer and is not included in the Independent Board Committee.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders, the "Letter from the Independent Financial Adviser" and the additional information contained in the Appendices to this Composite Document before taking any action in respect of the Offer.

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## LETTER FROM THE BOARD

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### THE OFFER

#### Principal terms of the Offer

The terms of the Offer as set out in the “Letter from Innovax Securities” are extracted below. You are recommended to refer to the “Letter from Innovax Securities” and the Form of Acceptance for further details.

Innovax Securities, on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share . . . . . HK\$0.6 in cash

Save for the Undertakings, as at the Latest Practicable Date, none of the Offeror or parties acting in concert with it had received any irrevocable commitment to accept or not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

The Offer Price of HK\$0.6 per Offer Share is equal to the purchase price per Sale Share payable by the Purchasers pursuant to the Sale and Purchase Agreement. The Offer is unconditional in all respects. The Offer extends to all Independent Shareholders in accordance with the Takeovers Code.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Innovax Securities” and Appendix I to this Composite Document and the accompanying Form of Acceptance.

#### The Vendors’ Undertakings

Immediately after Completion, the Vendors will continue to be the beneficial owners of the Remaining Shares. On 25 November 2021, each of the Vendors has given an irrevocable undertaking to the Offeror that, in respect of the respective Remaining Shares held by them, (i) they will not accept the Offer or sell any of the Remaining Shares to the Offeror, Mr. Huang or the parties acting in concert with them under the Offer; (ii) they will not take any other action to make the Remaining Shares available for acceptance of the Offer; and (iii) they will hold the Remaining Shares until, and shall not sell, transfer, dispose of or create or agree to create any encumbrance of or otherwise create any interests on the Remaining Shares before, the close of the Offer. Such irrevocable undertakings will cease upon the close of the Offer.

#### The Nineyou’s Undertaking

On 25 November 2021, an irrevocable undertaking has been given by Nineyou to the Offeror pursuant to which Nineyou (i) will not accept the Offer or sell any of the Nineyou’s Shares to the Offeror, Mr. Huang or the parties acting in concert with them under the Offer; (ii) will not take any other action to make the Nineyou’s Shares available for acceptance of



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## LETTER FROM THE BOARD

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	<b>Immediately before Completion</b>		<b>Immediately after Completion and as at the Latest Practicable Date</b>	
	<i>Approximate percentage of interest in the Company</i>		<i>Approximate percentage of interest in the Company</i>	
	<i>Number of Shares held</i>	<i>(%)</i>	<i>Number of Shares held</i>	<i>(%)</i>
Offeror and parties acting in concert with it	–	–	81,600,000	51.00
– Offeror			56,893,000	35.56
– Mr. Huang			24,707,000	15.44
First Vendor	66,787,235	41.74	9,894,235	6.18
Second Vendor	29,004,337	18.13	4,297,337	2.69
Independent Shareholders (Note)	<u>64,208,428</u>	<u>40.13</u>	<u>64,208,428</u>	<u>40.13</u>
<b>Total</b>	<b><u>160,000,000</u></b>	<b><u>100.00</u></b>	<b><u>160,000,000</u></b>	<b><u>100.00</u></b>

*Note:* Include the Nineyou’s Shares (i.e. 18,367,182 Shares, representing approximately 11.48% of the total issued share capital of the Company as at the Latest Practicable Date) held by Nineyou which served an irrevocable undertaking dated 25 November 2021 to the Offeror undertaking not to accept the Offer and not to take any other action to make those Shares available for acceptance.

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Innovax Securities” as set out in this Composite Document.

### FUTURE INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Innovax Securities” as set out in this Composite Document. The Offeror intends to continue the existing businesses of the Group. The Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets immediately after the close of the Offer.

As at the Latest Practicable Date, the Offeror (i) had not identified any investment or business opportunity; and (ii) had no intention to terminate the employment of any employees of the Group or make significant changes to any employment (except for the proposed change of the Board composition as detailed in the section sub-headed “Changes to the composition of the Board” under the “Letter from Innovax Securities” as set out in this Composite Document).

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## LETTER FROM THE BOARD

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The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the best interests of the Company and the Shareholders as a whole.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) false market exists or may exist in the trading of the Shares; or
- (ii) there is insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public, the sole director of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

### RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" set out on pages 23 to 24 of this Composite Document and the "Letter from the Independent Financial Adviser" set out on pages 25 to 56 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the Appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,  
By order of the Board  
**Gameone Holdings Limited**  
**Sze Yan Ngai**  
*Chairman and Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.*



### **GAMEONE HOLDINGS LIMITED**

**智傲控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8282)**

16 December 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFER BY  
INNOVAX SECURITIES LIMITED  
FOR AND ON BEHALF OF  
TOPLIU LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMEONE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
AND/OR AGREED TO BE ACQUIRED  
BY TOPLIU LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the composite offer and response document dated 16 December 2021 jointly issued by the Offeror and the Company (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Shanggu Securities Limited has been appointed, with our approval, as the independent financial adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 25 to 56 of this Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Innovax Securities” and the additional information set out in the Appendices to this Composite Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Taking into account the terms of the Offer and the advice from Shanggu Securities Limited, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the market price of the Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document and the Form of Acceptance.

Your faithfully,  
For and on behalf of the  
Independent Board Committee of  
**Gameone Holdings Limited**

**Mr. Yung Kai Tai**

**Dr. Fung Ying Him Anthony**  
*Independent non-executive Directors*

**Mr. Iu Tak Meng Teddy**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in the Composite Document.*



**上古證券有限公司**  
Shanggu Securities Limited

**SHANGGU SECURITIES LIMITED**

Suite 1812B, 18th Floor  
Tower 2, Lippo Centre  
89 Queensway, Admiralty  
Hong Kong

16 December 2021

*To: the Independent Board Committee of Gameone Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
INNOVAX SECURITIES LIMITED FOR AND ON BEHALF OF  
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMEONE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

### **I. INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer. Details of the Offer are contained in the Composite Document dated 16 December 2021, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The Independent Board Committee comprising all the non-executive Directors who have no direct or indirect interest or involvement in the Offer, including Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Iu Tak Meng Teddy, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Ms. Wong Pui Yain, who is a non-executive Director and owns 50% shareholding interest in and a director of the First Vendor, has direct interests in the Offer and is not included in the Independent Board Committee. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise them as regards their recommendation on the Offer.

During the past two years immediately preceding the commencement of the Offer Period and up to the date of our appointment as the Independent Financial Adviser, except for the engagement as the Independent Financial Adviser, there were no engagements between us and the Company, the Offeror or the parties acting in concert with any of them.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Other than our appointment as the Independent Financial Adviser, we have no connection with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees paid or payable to us in connection with our appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them. We are not aware of any relationship or interest between us and the Company, the Offeror, or other parties which would be reasonably considered to affect our independence to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Company (the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were provided and expressed, and continue to be true, accurate and complete in all material respects up to the Latest Practicable Date. We have also assumed that all representations contained or referred to in the Composite Document were true, accurate and complete at the time they were made and remain so at the Latest Practicable Date. The Independent Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Independent Shareholders accordingly as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also confirmed with the Directors that no material facts have been omitted from the information supplied and opinions expressed to us by them. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to doubt the truth, accuracy or completeness of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the Group, the Offeror or the associates of any of them, nor have we carried out any independent verification of the information supplied to us.

In relation to the Offer, we have not considered the tax implications on the Independent Shareholders for the acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

## II. BACKGROUND OF THE OFFER

References are made to the Joint Announcement and the joint announcement issued by the Offeror and the Company dated 26 November 2021 in relation to the Completion.

On 25 November 2021 (after trading hours), the Offeror and Mr. Huang as purchasers entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Purchasers conditionally agreed to acquire an aggregate of 81,600,000 Shares representing

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51.00% of the total issued share capital of the Company as at the Latest Practicable Date for an aggregate consideration of HK\$48,960,000, which is equivalent to HK\$0.6 per Sale Share, in the following manners:

- (i) the Offeror conditionally agreed to acquire 56,893,000 Shares (representing approximately 35.56% of the total issued share capital of the Company as at the Latest Practicable Date) from the First Vendor at the cash consideration of HK\$34,135,800 (equivalent to HK\$0.6 per Sale Share); and
- (ii) Mr. Huang conditionally agreed to acquire 24,707,000 Shares (representing approximately 15.44% of the total issued share capital of the Company as at the Latest Practicable Date) from the Second Vendor at the cash consideration of HK\$14,824,200 (equivalent to HK\$0.6 per Sale Share).

On 26 November 2021, the Company and the Offeror jointly announced that Completion had taken place on the same day. Immediately after the Completion and as at the Latest Practicable Date, the Offeror and its concert parties beneficially owned 81,600,000 Shares, representing 51.00% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares, being all the issued Shares other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, the Company had 160,000,000 Shares in issue, and did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into the Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares.

### III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer, we have taken into consideration the following principal factors and reasons:

#### 1. Principal terms and condition of the Offer

The Offer, which is a mandatory unconditional cash offer, is being made by Innovax Securities on behalf of the Offeror on the following basis:

For each Offer Share . . . . . HK\$0.6 in cash

The Offer Price of HK\$0.6 per Offer Share is equal to the purchase price per Sale Share paid by the Purchasers pursuant to the Sale and Purchase Agreement. The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares.

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The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document. In this connection, as at the Latest Practicable Date, the Company had not declared any dividend which remained unpaid, and the Company had no intention to declare, make or pay any dividend or other distributions prior to the close of the Offer.

As disclosed in the “Letter from Innovax Securities”, the Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the Closing Date. Further details of the terms and the procedures for acceptance of the Offer are set out in the “Letter from Innovax Securities” and the “Letter from the Board” contained in the Composite Document and in Appendix I to the Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond the offer period in accordance with the requirements of the Takeovers Code, and the Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code.

### **2. Background and information of the Company**

#### ***(a) Principal business of the Group***

The Group is principally engaged in development, operation, publishing and distribution of online and mobile games in Hong Kong and Taiwan. It operates and publishes its self-developed or co-developed games, as well as licensed games licensed from other game developers or operators, through its own game distribution platform and other third-party distribution platforms including major online application stores (such as Apple Inc.’s App Store and Google Play installed in mobile telecommunications devices). Its games include mobile games, personal computer games and web-games, and the Company focuses on the development of games based on popular literatures, comics and animations. The Group’s games are free to play, and the Group earns its revenue by selling prepaid game credits and in-game virtual items. Game players may purchase game credits which are virtual currency for acquisition of in-game virtual items, or purchase those in-game virtual items directly for better in-game experience.

The Group has been operating in a single operation segment, i.e. development, operation, publishing and distribution of online and mobile games. The Company has been listed on GEM of the Stock Exchange since 2016.

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### *(b) Shareholding of the Company*

As at the Latest Practicable Date, the Company has 160,000,000 Shares in issue. The Offeror and parties acting in concert with it held 81,600,000 Shares, representing 51.00% of the issued share capital of the Company.

The following table sets forth the shareholding structure of the Company as at the Latest Practicable Date:

<b>Name of Shareholders</b>	<b>Number of Shares held</b>	<b>Approximate% of Shares in issue</b>
The Offeror and its concert parties	81,600,000	51.00%
– Offeror	56,893,000	35.56%
– Mr. Huang	24,707,000	15.44%
First Vendor ( <i>Note 1</i> )	9,894,235	6.18%
Second Vendor ( <i>Note 1</i> )	4,297,337	2.69%
Independent Shareholders ( <i>Note 2</i> )	<u>64,208,428</u>	<u>40.13%</u>
<b>Total Shares in issue</b>	<b><u>160,000,000</u></b>	<b><u>100.00%</u></b>

*Notes:*

1. Each of the Vendors had given an irrevocable undertaking to the Offeror on 25 November 2021 that, in respect of the respective Remaining Shares held by them, (i) they will not accept the Offer or sell any of the Remaining Shares to the Offeror, Mr. Huang or the parties acting in concert with them under the Offer; (ii) they will not take any other action to make the Remaining Shares available for acceptance of the Offer; and (iii) they will hold the Remaining Shares until, and shall not sell, transfer, dispose of or create or agree to create any encumbrance of or otherwise create any interests on the Remaining Shares, before the close of the Offer.
2. Including the Nineyou's Shares (i.e. 18,367,182 Shares, representing approximately 11.48% of the total issued share capital of the Company as at the Latest Practicable Date) held by Nineyou which served an irrevocable undertaking dated 25 November 2021 to the Offeror undertaking not to accept the Offer and not to take any other action to make those Shares available for acceptance, and to hold the Nineyou's Shares until, and shall not sell, transfer, dispose of or create or agree to create any encumbrance of or otherwise create any interests on the Nineyou's Shares, before the close of the Offer.

### *(c) Financial performance of the Group*

Set out in the table below is a summary of the financial results of the Group for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021.

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	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
<b>Revenue</b>	105,447	80,180	51,304	36,611	61,080
Cost of services rendered	<u>(83,883)</u>	<u>(57,113)</u>	<u>(40,571)</u>	<u>(30,063)</u>	<u>(36,371)</u>
<b>Gross profit</b>	21,564	23,067	10,733	6,548	24,709
Other income	777	3,430	3,411	2,209	274
Selling expenses	(18,920)	(14,525)	(10,973)	(5,902)	(18,763)
Administrative expenses	(17,176)	(12,722)	(11,114)	(8,371)	(7,955)
Other expenses	(10,879)	(1,092)	(2,078)	–	–
Finance cost	<u>–</u>	<u>(121)</u>	<u>(49)</u>	<u>(33)</u>	<u>(36)</u>
<b>Loss before income tax</b>	(24,634)	(1,963)	(10,070)	(5,549)	(1,771)
Income tax expense	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Loss for the year/period</b>	<u><u>(24,634)</u></u>	<u><u>(1,963)</u></u>	<u><u>(10,070)</u></u>	<u><u>(5,549)</u></u>	<u><u>(1,771)</u></u>
<b>Loss for the year/period attributable to:</b>					
Owners of the Company	(24,340)	(1,863)	(10,070)	(5,549)	(1,771)
Non-controlling interests	<u>(294)</u>	<u>(100)</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u><u>(24,634)</u></u>	<u><u>(1,963)</u></u>	<u><u>(10,070)</u></u>	<u><u>(5,549)</u></u>	<u><u>(1,771)</u></u>
<b>Gross profit margin</b>	20.5%	28.8%	20.9%	17.9%	40.5%

(i) *Revenue*

The Group has been operating in a single operation segment. The Group's revenue was derived from the development, operation, publishing and distribution of online and mobile games for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2021 (together the “**Review Period**”). Revenue can be largely divided into game operation income earned from game players, and game publishing income, royalty income and licence fee income earned from other game developers and operators.

The revenue of the Group recorded a decrease of approximately HK\$25.3 million or 24.0% to approximately HK\$80.2 million for the year ended 31 December 2019 from that of approximately HK\$105.4 million for the year ended

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31 December 2018. The decrease was primarily attributable to the decrease in the Group's game operation income of approximately HK\$25.3 million, mainly arising from the significant decline in revenue derived from its licensed mobile games namely Demi Gods and Semi Devils (Mobile Version) which became less popular since the second half of 2018.

The revenue of the Group further recorded a decrease of approximately HK\$28.9 million or 36.0% to approximately HK\$51.3 million for the year ended 31 December 2020 from that of approximately HK\$80.2 million for the year ended 31 December 2019. The decline was mainly due to the decrease in the Group's game operation income of most of the older games which generated considerably less revenue in 2020 than in 2019, as well as the delay in launching new games and game updates for existing games, which was partly caused by the impacts of the COVID-19 pandemic.

For the nine months ended 30 September 2021, the Group's revenue amounted to approximately HK\$61.1 million, representing an increase of approximately 66.8% as compared to that for the corresponding period in 2020 of approximately HK\$36.6 million. The increase in the Group's revenue was mainly due to the increase in the Group's game operation income and royalty income, because the Group managed to launch two new licensed mobile games in the second quarter and third quarter of 2021, respectively, namely, Teddy Boy M which started generating significant revenue since its launch in June 2021 and ACE SOCCER which generated significant revenue since its launch in September 2021.

*(ii) Cost of services rendered, gross profit and gross profit margin*

The cost of services rendered of the Group primarily consisted of those costs more directly related to the Group's revenue generation, mainly including royalty expenses, channel fees, amortization of intangible assets, server rental and web services expenses, and salaries and employee benefits expenses for personnel responsible for game operations, customer services and research and development and other technical maintenance.

The Group's cost of services rendered decreased by approximately HK\$26.8 million from approximately HK\$83.9 million for the year ended 31 December 2018 to approximately HK\$57.1 million for the year ended 31 December 2019. The cost of services rendered further decreased by approximately HK\$16.5 million to approximately HK\$40.6 million for the year ended 31 December 2020. The decline during the three years ended 31 December 2020 was primarily due to the reduction in the Group's revenue during such three years.

The cost of services rendered of the Group rose by approximately HK\$6.3 million from approximately HK\$30.1 million for the nine months ended 30 September 2020 to approximately HK\$36.4 million for the nine months ended 30 September 2021. The increase was primarily attributable to the direct costs

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incurred for the Group's two new licensed mobile games which were launched during the second and third quarter of 2021 for the Group to generate significantly more revenue for the period.

The gross profit of the Group for the year ended 31 December 2019 was approximately HK\$23.1 million, representing an increase of approximately HK\$1.5 million or approximately 7.0% as compared with that for the year ended 31 December 2018. The increase in gross profit of the Group despite the decrease in the Group's revenue was because the reduction in revenue in 2019 was mainly relating to mobile games licensed from other game developers for which the Group had a lower profit margin. In this connection, the Group's gross profit margin was approximately 20.5% and 28.8% for the years ended 31 December 2018 and 2019, respectively, representing an increase of approximately 8.3 percentage points. The increase in the Group's gross profit margin was primarily due to the decrease in royalty expenses relating to the sharing of net monthly cash receipts with third-party game developers, operators and grantors for the operation of licensed games, and channel fee of the Group's licensed mobile games incurred for the services for game distribution by third-party distribution platforms, both of which dropped considerably as a result of decrease in the Group's revenue in 2019.

The gross profit of the Group for the year ended 31 December 2020 declined to approximately HK\$10.7 million, representing a decrease of approximately HK\$12.3 million or approximately 53.5% from that of approximately HK\$23.1 million for the year ended 31 December 2019. The lower gross profit was primarily due to the decrease in the Group's game operation income from both the licensed mobile games and self/co-developed games. As a result of further decline in the Group's revenue, the profitability of the Group's games eroded because the Group's cost of services rendered included certain relatively fixed costs which had to be incurred regardless of the volume of the Group's gaming business. As such, the gross profit margin declined to approximately 20.9% for the year ended 31 December 2020 as compared with approximately 28.8% for the year ended 31 December 2019.

The gross profit of the Group for the nine months ended 30 September 2021 was approximately HK\$24.7 million, representing a significant increase of approximately HK\$18.2 million or approximately 277.4% from approximately HK\$6.5 million for the corresponding period in 2020. The gross profit of the Group rose as a result of the increase in the Group's game operation income from the two newly launched licensed mobile games, namely Teddy Boy M and ACE SOCCER, and royalty income from licensing the mobile game "Teddy Boy M" in Taiwan to other game operators, which amounted to approximately HK\$9.2 million for the nine months ended 30 September 2021 as compared to only approximately HK\$80,000 for the corresponding period in 2020. The Group managed to earn such royalty income by licencing to third-party game operators in Taiwan without incurring significant additional costs. Accordingly, the Group achieved considerable improvement in its gross profit margin, with the Group's gross profit margin for the nine months ended 30 September 2021 being

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approximately 40.5% which represented an increase of approximately 22.6 percentage points compared to that for the nine months ended 30 September 2020 of approximately 17.9%.

*(iii) Other income*

The Group's other income fluctuated during the Review Period, because, in addition to bank interest income which occurred consistently, other major items included in the Group's other income were non-recurring in nature. The Group recognised compensation fee income of approximately HK\$0.5 million and HK\$3.0 million for the year ended 31 December 2018 and 2019 respectively as a result of the early termination of games licensed by the Group to third-party game operators, while the Group received government subsidies of approximately HK\$2.6 million relating to Hong Kong government's Employment Support Scheme million in 2020.

*(iv) Selling expenses*

The Group's selling expenses mainly consisted of marketing and promotion costs incurred for game promotion including online advertisement and in other media, and participation in various game exhibitions, as well as salaries and employee benefits expenses for the personnel responsible for marketing and promotion.

The Group's selling expenses decreased by approximately HK\$4.4 million from approximately HK\$18.9 million for the year ended 31 December 2018 to approximately HK\$14.5 million for the year ended 31 December 2019. The selling expenses further decreased by approximately HK\$3.6 million to approximately HK\$11.0 million for the year ended 31 December 2020. The decline during the three years ended 31 December 2020 was mainly due to the decrease in advertising and promotion expenses, which was consistent with the decreased marketing and promotion activities in line with the decline in the Group's revenue during such three years.

The selling expenses of the Group rose by approximately HK\$12.9 million from approximately HK\$5.9 million for the nine months ended 30 September 2020 to approximately HK\$18.8 million for the nine months ended 30 September 2021. The increase was primarily attributable to the increase in promotion and advertising expenses incurred for the Group's two new licensed mobile games which were launched during the second and third quarter of 2021 for the Group to generate significantly more revenue for the period.

*(v) Administrative expenses*

The Group's administrative expenses mainly consisted of salaries and employee benefits expenses, rent and rates, utilities, travelling and entertainment expenses, legal and professional fees and other costs. The administrative expenses of the Group decreased from approximately HK\$17.2 million for the year ended

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31 December 2018 to approximately HK\$12.7 million for the year ended 31 December 2019, and further decreased to approximately HK\$11.1 million for the year ended 31 December 2020. Also, the administrative expenses decreased from approximately HK\$8.4 million for the nine months ended 30 September 2020 to approximately HK\$8.0 million for the nine months ended 30 September 2021. The downward trend of the Group's administrative expenses during the Review Period was mainly due to the decrease in staff cost, travelling and entertainment expenses and legal and professional fees during the period, which was primarily caused by the cost control measures taken by the Management, which included manpower streamlining for the Group's Taiwan operation as well as the closure of the Company's subsidiary in Mainland China in 2020, and reduced business travels and related activities as a result of the COVID-19 pandemic.

*(vi) Other expenses*

The other expenses of the Group comprised mainly impairment loss in relation to the write-down of licence fees paid for certain games operated by the Group to the recoverable amounts as a result of number of paying players of these games not achieving expected level. The other expenses of the Group decreased significantly from approximately HK\$10.9 million for the year ended 31 December 2018 to approximately HK\$1.1 million for the year ended 31 December 2019, then increased substantially to approximately HK\$2.1 million for the year ended 31 December 2020. This was primarily because the Group recognised impairment losses on the intangible assets for its games with reference to the specific performance of each of such games during such period, and so the resulted impairment loss for each of the three years varied. As the Group normally only performs impairment review towards the year end of each financial year, the other expenses of the Group for the nine months ended 30 September 2020 and 30 September 2021 were both nil due to the absence of impairment loss recognised on the intangible assets during the two periods.

*(vii) Loss for the year/period attributable to owners of the Company*

Due to the combined effects of the changes in various revenue and cost items as discussed above, the Group recorded different extent of loss positions during the Review Period, with the loss attributable to the owners of the Company amounting to approximately HK\$ 24.3 million, HK\$1.9 million, HK\$10.1 million and HK\$1.8 million for each of the three years ended 31 December 2018, 2019 and 2020, and for the nine months ended 30 September 2021, respectively.

We noted that, as compared to the corresponding period in 2020, the Group achieved improvement in its revenue for the nine months ended 30 September 2021 to reverse the declining trend of the Group's revenue in the preceding three years, which was mainly because the Group launched two new licensed mobile games in the second and third quarter of 2021. This helped the Group narrow down its net loss during the nine months ended 30 September 2021 as compared to the corresponding period in 2020. However, from a longer time perspective, it

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should be noted that the Group consistently recorded loss attributable to owners of the Company for each of the three years ended 31 December 2018, 2019 and 2020 and for the nine months ended 30 September 2021.

**(d) Historical dividend payout**

No dividends have been paid or declared by the Company during the Review Period.

**(e) Financial position of the Group**

Set out in the table below is a summary of the financial positions of the Group as at 31 December 2018, 2019 and 2020 and 30 June 2021.

	<b>As at 31 December</b>			<b>As at 30</b>
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>June</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,739	653	316	267
Intangible assets	8,080	4,850	2,858	5,105
Cryptocurrencies	–	–	–	744
Right-of-use assets	–	1,302	2,358	1,689
	<u>9,819</u>	<u>6,805</u>	<u>5,532</u>	<u>7,805</u>
<b>Current assets</b>				
Inventories	23	–	–	–
Trade receivables	5,137	3,127	3,558	4,517
Prepayments, deposits and other receivables	7,727	7,548	6,514	6,108
Tax recoverable	98	–	–	–
Cash and cash equivalents	45,684	44,981	38,158	26,878
	<u>58,669</u>	<u>55,656</u>	<u>48,230</u>	<u>37,503</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade payables	3,744	2,038	1,800	3,157
Accrued expenses and other payables	5,671	5,346	4,726	2,596
Contract liabilities	11,674	8,535	10,771	9,736

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	As at 31 December			As at 30
	2018	2019	2020	June
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Amount due to a related company	43	–	–	–
Tax payable	–	77	77	77
Lease liabilities	–	1,328	1,340	1,608
	<u>21,132</u>	<u>17,324</u>	<u>18,714</u>	<u>17,174</u>
<b>Net current assets</b>	<u>37,537</u>	<u>38,332</u>	<u>29,516</u>	<u>20,329</u>
<b>Total assets less current liabilities</b>	<u>47,356</u>	<u>45,137</u>	<u>35,048</u>	<u>28,134</u>
<b>Non-current liabilities</b>				
Deferred taxation	–	–	–	–
Lease liabilities	–	–	997	126
<b>Net assets</b>	<u><u>47,356</u></u>	<u><u>45,137</u></u>	<u><u>34,051</u></u>	<u><u>28,008</u></u>
<b>Equity</b>				
Share capital	1,600	1,600	1,600	1,600
Reserves	45,656	43,537	32,451	26,408
<b>Equity attributable to the Company's owners</b>	47,256	45,137	34,051	28,008
<b>Non-controlling interests</b>	<u>100</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Total equity</b>	<u><u>47,356</u></u>	<u><u>45,137</u></u>	<u><u>34,051</u></u>	<u><u>28,008</u></u>
<b>Net asset value (“NAV”) per Share (Note)</b>	0.30	0.28	0.21	0.18

*Note:* NAV per Share is calculated based on the equity attributable to owners of the Company divided by the number of Shares in issue as at the respective balance sheet date.

(i) *Property, plant and equipment*

The Group has been principally engaged in the development, operation, publishing and distribution of online and mobile games. The business model of the Group does not require material investment in tangible fixed asset. The property, plant and equipment of the Group mainly consisted of computers,

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leasehold improvements, motor vehicles and furniture, fixtures and office equipment. The property, plant and equipment of the Group continued to decrease throughout the Review Period as the Group's acquisitions of property, plant and equipment continued to be smaller than the depreciation charges.

*(ii) Intangible assets*

The Group's intangible assets represented licences with finite useful life comprising acquired intangible assets and internally generated intangible assets (research and development costs), and consisted of the licence fees paid to third-party game developers or operators for the Group's licensed games to operate in Hong Kong and/or Taiwan, copyrights as well as the capitalised research and development costs for the Group's self-developed games.

During the three years and six months ended 30 June 2021, the balance of intangible assets of the Group varied depending on the actual circumstances of the Group's gaming operation and the need to recognise impairment of intangible assets from time to time.

The carrying amount of the Group's intangible assets was approximately HK\$8.1 million, HK\$4.9 million and HK\$2.9 million as at 31 December 2018, 2019 and 2020 respectively. In addition to the amortization of intangible assets during the usual course of the Group's business, impairment losses of approximately HK\$4.8 million, HK\$1.0 million, HK\$2.1 million were recognised for the year ended 31 December 2018, 2019 and 2020 respectively. The recognition of impairment losses on the intangible assets of the Group was the result of the write-down of licence fees paid for certain games of the Group during the three years which failed to achieve the expected performance level.

The carrying amount of the Group's intangible assets was approximately HK\$5.1 million as at 30 June 2021. The increase was mainly attributable to the Group's acquisition of intangible assets of approximately HK\$3.2 million relating to the new games launched in 2021, which was partially offset by the normal amortization charges and the absence of impairment loss on intangible assets during the six months ended 30 June 2021.

*(iii) Right-of-use assets and lease liabilities*

During the Review Period, the right-of-use assets of the Group and lease liabilities were mainly related to the leases for the Group's office premises. The Group applied Hong Kong Financial Reporting Standard 16 ("**HKFRS 16**") for the first time in the financial year ended 31 December 2019. According to the Group's accounting policies, the Group only capitalises the leases with terms of not less than 12 months at their respective commencement dates in its financial statements as right-of-use assets and lease liabilities, while those leases of shorter term would be expensed off. Upon application of HKFRS 16, as at 31 December 2019, the non-current portion of lease payments amounting to approximately HK\$1.3 million was reclassified to right-of-use assets, and lease liabilities were

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recognised at the present value of the lease payments which were not paid at the date of commencement of the leases. As such, during the three years and six months ended 30 June 2021, the balances of the Group's right-of-use assets and lease liabilities varied as a result of the combined effects of the adoption of HKFRS 16 in 2019 and the actual circumstances of the relevant leases.

*(iv) Trade receivables*

The Group's trade receivables, which amounted to approximately HK\$5.1 million, HK\$3.1 million, HK\$3.6 million and HK\$4.5 million as at 31 December 2018, 2019 and 2020 and as at 30 June 2021 respectively, mainly consisted of the non-interest bearing receivables from third-party game distribution platforms and payment channels as at the respective reporting dates. The Group's third-party game distribution platforms and payment channels collect the gross proceeds from game players' purchases and remit to the Group the net proceeds after the deduction of the channel fees charged by them. The channel fees deducted by third-party game distribution platforms and payment channels are based on pre-determined percentages of the gross proceeds from game players' purchases. The net proceeds to be remitted from third-party game distribution platforms and payment channels would be recognised by the Group as trade receivables. The Group normally allows credit period within 60 days to its trade debtors. The majority of the trade receivables were receivable within 30 days throughout the Review Period.

*(v) Prepayments, deposits and other receivables*

The principal component of the Group's prepayments, deposits and other receivables was the prepayments, which primarily represented the prepayments for royalty expenses. The Group made prepayment for royalty expenses as some third-party game developers or operators required the Group to pay in advance a certain portion of royalty expenses which were to offset the royalty to be payable during the course of operation of the relevant licensed games. Accordingly, the Group's prepayments may vary depending on the game pipeline of the Group and commercial negotiation for the licencing of specific games with the relevant business partners.

*(vi) Trade payables*

The Group's trade payables mainly represented the non-interest bearing payables to third-party game developers or operators as at the respective reporting dates. The Group's trade payables was approximately HK\$3.7 million, HK\$2.0 million, HK\$1.8 million and HK\$3.2 million as at 31 December 2018, 2019 and 2020 and 30 June 2021 respectively.

The Group's major creditors during the Review Period were mainly the third-party game developers/operators which entered into licence agreements with the Group, based on which the Group is licensed to operate, publish and promote the licensed games in Hong Kong and/or Taiwan. In return, the Group would pay

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third-party game developers or operators the licence fee and monthly royalty expenses for the operation of the relevant licensed games. The royalty expenses to be remitted to third-party game developers or operators are therefore the principal components of the Group's trade payables during the Review Period. The Group's trade payables were also made up of the net proceeds collected from game players from the Group's games for publishing which would be remitted to the relevant third-party game developers or operators, with the deduction of the Group's services fees as game publishing income of the Group.

*(vii) Accrued expenses and other payables*

The Group's accrued expenses and other payables mainly consisted of the expenses incurred but not yet invoiced and paid by the Group, which primarily included salaries and employee benefits expenses and other operating costs, as well as payables for withholding profits tax arising from the remittance of royalty expenses paid by the Group to overseas third-party game developers and operators in relation to the Group's gaming business. The Group's accrued expenses and other payables decreased over the three years and six months ended 30 June 2021, with the Group's accrued expenses and other payables amounting to approximately HK\$5.7 million, HK\$5.3 million, HK\$4.7 million and HK\$2.6 million as at 31 December 2018, 2019, 2020 and 30 June 2021 respectively. The decrease was partly due to the Group's cost control measures.

*(viii) Contract liabilities*

Contract liabilities of the Group mainly comprise receipt in advance and deferred income. Receipt in advance represents the advance received from licensee when the Group licences games to other game operators. Deferred income represents the unamortised portion of income received in respect of in-game virtual items paid by paying game players. The Group's contract liabilities amounted to approximately HK\$11.7 million, HK\$8.5 million, HK\$10.8 million and HK\$9.7 million as at 31 December 2018, 2019, 2020 and 30 June 2021 respectively.

*(ix) Net assets*

As the Group had not managed to turn profitable and hence consistently recorded net loss, the NAV attributable to owners of the Company decreased during the three years and six months ended 30 June 2021. The NAV attributable to owners of the Company decreased from approximately HK\$47.3 million as at 31 December 2018 to approximately HK\$45.1 million as at 31 December 2019 and decreased further to approximately HK\$34.1 million as at 31 December 2020. It continued to decrease to approximately HK\$28.0 million as at 30 June 2021.

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### 3. Prospects of the Group

Based on our discussion with the Management, our review of the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”), the interim report of the Company for the six months ended 30 June 2021 (the “**Interim Report 2021**”) and the third quarterly report of the Company for the nine months ended 30 September 2021, as well as information relating to the game industry from public sources, we understand the Group has been facing various challenges as a player in the gaming industry in recent years and going forward, further details of which are discussed below.

We note that, according to the Global Games Market Report 2021 published in July 2021 by Newzoo which is a market research company specialised in the gaming industry (the “**Market Report**”; source: <https://newzoo.com/insights/trend-reports/newzoo-global-games-market-report-2021-free-version/>), the total global game market generated revenues of approximately US\$177.8 billion in 2020, recording a year-on-year increase of approximately 23.1% as compared to 2019, while it expects to generate revenues of approximately US\$175.8 billion in 2021, with approximately 1.1% year-on year decline as compared to 2020. According to the Market Report, while the COVID-19 pandemic resulted in spiked engagement and spending in the games market in 2020, the pandemic’s negative second-order effects became more apparent in 2021, as the COVID-19 pandemic has led to more remote working and disrupted supply lines, which has continued to cause challenges to the gaming industry and brought a profound impact on game development and publishing in terms of delays. The adverse effects of the COVID-19 pandemic affected revenues in the game industry in 2021, more on personal computer (“**PC**”) and console games while less on mobile games. For a longer time horizon, according to the Market Report, the games market outlook remains positive and is expected to grow from 2019 to 2024 with a compounded annual growth rate of approximately 8.7% to reach US\$218.7 billion in 2024.

As recognised by the Management, competition in the game industry is intense. The Group is an integrated game developer, operator and publisher of mobile and online PC games and has to compete with other game developers, operators and publishers of online PC games and mobile games in Hong Kong and Taiwan. In this respect, the Group faces competition from emerging mobile game developers, operators and publishers, as well as certain traditional online PC game companies which are entering into the mobile game market. As compared to the Group, some of the Group’s existing and potential competitors have significantly greater financial, technological and marketing resources, larger player base, stronger relationship with industry participants, larger and more diverse game portfolios, and stronger mobile game development experience and resources. The Group also has to compete with other entertainment or leisure time activities which may divert its target customers’ time and attention. To cope with the said wide spectrum of existing and potential competitors, the Management considers that the Group relies primarily on its abilities to self/co-develop and/or license games which are attractive to game players and fulfil the demands and expectation of game players. This would in turn depend on, among other things, its promotion and advertising efforts, the stability of its game operation systems and its ability to secure development rights or licensed games based on popular literatures, comics and animations.

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The already competitive business environment of the Group is further complicated by the COVID-19 pandemic, as the Management recognises that the outbreak of COVID-19 since the beginning of 2020 is a fluid and challenging situation faced by all industries of Hong Kong and even worldwide, which is consistent with what the Market Report indicates. Due to the COVID-19 pandemic, the Group suffered delay in negotiating with other game developers, particularly for those in Mainland China, for licencing arrangement. Also, game updates for the Group's licensed games as provided by other game developers also slowed down due to the disruption to the operation of those third-party game developers. To a lesser extent, the Group's own research and development for games had also experienced certain delay as a result of the occurrence of COVID-19 infection incidents in Hong Kong. Accordingly, the Group's ability to deal with the intense competition could be hindered by the adverse impacts of the COVID-19 pandemic on the Group's operations. Since the threat of COVID-19 is still widespread around the world and resurgence of COVID-19 has continued to occur in various countries and regions, including Hong Kong and Taiwan in 2021, we consider that in near term of future, the threat of COVID-19 would still pose uncertainty over the prospects of the Group.

As discussed in the section headed "Principal Factors and Reasons Considered – Background and information of the Company – Financial performance of the Group" in this letter, we noted that, as compared to the corresponding period in 2020, the Group achieved improvement in its revenue and reduction in net loss for the nine months ended 30 September 2021, mainly because the Group launched two new licensed mobile games in the second quarter and third quarter of 2021. However, from a longer time perspective, it is noted that the Group consistently recorded net loss for each of the three years ended 31 December 2018, 2019 and 2020 and for the nine months ended 30 September 2021, during which the Group had from time to time launched and operated various games. Accordingly, we consider that it remains unsure that the recent launches of the two new games during 2021 could enhance the Group's financial performance persistently in longer term and help turn the Group's business into profit.

All in all, despite the positive gaming industry outlook in long run and recent improvement in the Group's financial performance in the third quarter of 2021, in view of the intense competition in the gaming industry and the threat of COVID-19 pandemic, and having considered the Group's persistent track record of net loss during the three years ended 31 December 2018, 2019 and 2020 and nine months ended 30 September 2021, we consider it is not certain whether the Group can improve its financial performance and achieve turnaround results in the long run, and the prospects of the Group's business remain challenging and uncertain.

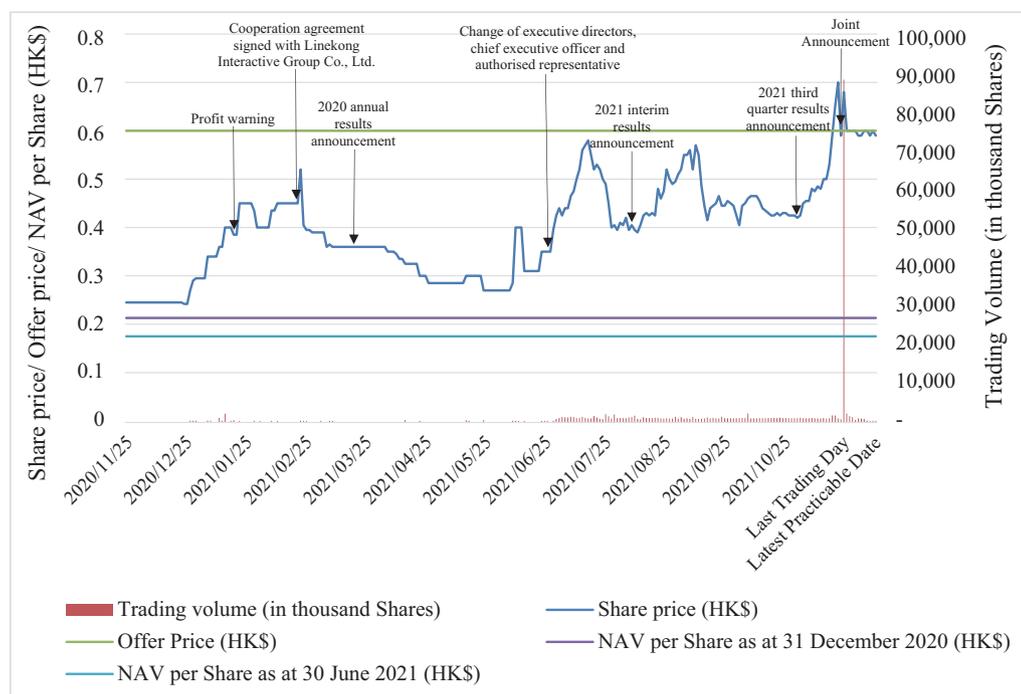
#### **4. Analysis of Share price**

##### ***(a) Historical Share price performance***

Set out in the chart below are the daily closing prices and trading volumes of the Shares on the Stock Exchange during the period from 25 November 2020, being the date falling 12 months preceding the Last Trading Day, up to and including the Latest

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Practicable Date (the “Share Price Review Period”), together with the NAV attributable to owners of the Company per Share as at 31 December 2020 and 30 June 2021.



Source: the Stock Exchange’s website

During the period from 25 November 2020 to the Last Trading Day (the “Pre-Announcement Period”), the Shares closed between HK\$0.242 and HK\$0.70. The closing Share prices were lower than the Offer Price of HK\$0.6 in 245 days out of the 247 trading days during the Pre-Announcement Period. The Share price closed at HK\$0.65 and HK\$0.70 on 22 November 2021 and 23 November 2021, respectively, higher than the Offer Price for only 2 trading days.

The Share price of the Company was relatively stable and stood under HK\$0.40 at the start of the Share Price Review Period. The closing Share price saw short-lived spikes after the publication of profit warning relating to the Group’s financial results for the year ended 31 December 2020 and voluntary announcement in regards to the entering into a cooperation agreement with Linekong Interactive Group Co., Ltd. for the rights of operation of mobile game “Dawn Awakening” on 19 January 2021 and 22 February 2021, respectively. The closing Share price then decreased steadily until the Company’s announcement of the change of executive directors, chief executive officer and authorised representative of the Company on 30 June 2021 (the “June Announcement”), after which the closing Share price gradually increased from HK\$0.35 on 30 June 2021 to HK\$0.58 on 20 July 2021. The closing Share price fell to as low as HK\$0.395 thereafter. As advised by the Directors, other than the changes as announced in the June Announcement, the Company is not aware of any particular reason which could lead to the fluctuation of the closing Share price during the period from late June to July 2021. An upward trend is observed after the publication of the

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interim results announcement on 10 August 2021. The trend persisted until early September 2021 when the closing Share price climbed to as high as HK\$0.57. Since then, the Share price had started fluctuating in the range of HK\$0.415 and HK\$0.465 for a sustained period until the publication of the third quarterly results announcement for the nine months ended 30 September 2021 on 9 November 2021 which reported a substantial reduction in loss for the period concerned. The closing Share price picked up following the release of the announcement and spiked to its one-year high at HK\$0.70 on 23 November 2021, one day before the Last Trading Day.

Trading of the Shares was suspended on 25 November 2021 pending the release of the Joint Announcement. The Shares closed at HK\$0.68 on 26 November 2021 (being the first trading day after the release of the Joint Announcement), representing an increase of approximately 15.25% from the last closing price before the trading halt and a premium of approximately 13.33% over the Offer Price. After the release of the Joint Announcement and up to the Latest Practicable Date, the closing price of the Shares was staying at a relatively higher level in the range of HK\$0.59 and HK\$0.68. We consider the performance of the closing Share price subsequent to the release of the Joint Announcement, staying mostly around the Offer Price, was mainly due to the investors' reaction to the publication of the Joint Announcement which disclosed the details of the Offer. In this connection, Independent Shareholders should be aware that there can be no assurance for the Shares to be traded at the recent level of Share prices or maintain at a price higher than the Offer Price in the future.

**(b) *Historical Share price performance and historical NAV per Share compared to the Offer Price***

A comparison of the Offer Price of HK\$0.6 per Offer Share with the recent closing prices of the Shares and NAV per Share is set out as follows:

	<b>Closing price or approximate average closing price of the Shares or NAV per Share</b>	<b>Premium/(Discount) of Offer Price of HK\$0.6 per Offer Share over/to the closing price or approximate average closing price of the Shares or NAV per Share</b>
Last Trading Day	HK\$0.590	1.69%
5 trading days ( <i>Note 1</i> )	HK\$0.612	(1.96%)
10 trading days ( <i>Note 1</i> )	HK\$0.550	9.09%
30 trading days ( <i>Note 1</i> )	HK\$0.475	26.32%
60 trading days ( <i>Note 1</i> )	HK\$0.476	26.03%
90 trading days ( <i>Note 1</i> )	HK\$0.470	27.57%
120 trading days ( <i>Note 1</i> )	HK\$0.444	35.29%
180 trading days ( <i>Note 1</i> )	HK\$0.404	48.47%
Latest Practicable Date	HK\$0.590	1.69%

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	Closing price or approximate average closing price of the Shares or NAV per Share	Premium/(Discount) of Offer Price of HK\$0.6 per Offer Share over/to the closing price or approximate average closing price of the Shares or NAV per Share
Audited NAV attributable to owners of the Company per Share as at 31 December 2020:		
(i) Based on the total number of issued Shares as at 31 December 2020 ( <i>Note 2</i> )	HK\$0.213	181.93%
(ii) Based on the total number of issued Shares of the Company as at the Latest Practicable Date ( <i>Note 2</i> )	HK\$0.213	181.93%
Unaudited NAV attributable to owners of the Company per Share as at 30 June 2021 ( <i>Note 2</i> )		
	HK\$0.175	242.76%

*Source: the Stock Exchange's website, the Annual Report 2020 and the Interim Report 2021*

*Notes:*

1. Up to and including the Last Trading Day.
2. The total numbers of issued Shares as at 31 December 2020, 30 June 2021 and the Latest Practicable Date were 160,000,000 Shares.

The Offer Price of HK\$0.6 per Offer Share represents a premium of approximately 1.69% to 48.47% over the closing Share price on the Last Trading Day and the average closing price of the Shares for the 10-, 30-, 60-, 90-, 120- and 180-trading day periods (up to and including the Last Trading Day) before the release of the Joint Announcement. The Offer Price of HK\$0.6 per Offer Share, on the other hand, represents a discount of approximately 1.96% to the average closing price of the Shares for the 5-trading day period (up to and including the Last Trading Day) before the release of the Joint Announcement.

The closing Share price as at the Latest Practicable Date was HK\$0.59 per Share and the corresponding premium represented by the Offer Price reduced to a relatively small amount of approximately 1.69%. We consider that the Share price as at the Latest Practicable Date and the corresponding reduction in premium were affected by the

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publication of the Joint Announcement in relation to the Offer. However, we consider that the movement of the Share price during the period after the publication of the Joint Announcement already reflected the impact of the Offer, and such movement is less relevant and less meaningful for the purpose of assessing the fairness and reasonableness of the Offer Price.

The Offer Price represents a premium of approximately 181.93% to the NAV attributable to owners of the Company per Share as at 31 December 2020 and approximately 242.76% to the NAV attributable to owners of the Company per Share as at 30 June 2021.

It is noted that the Offer Price had been above the closing Share prices throughout the Pre-Announcement Period except for two trading days, consistently marking substantial premium of more than 26% over the average closing prices for those longer trading day periods (i.e. 30 trading days and more) before the release of the Joint Announcement. In addition, the Offer Price represents very significant premiums over the NAV attributable to owners of the Company per Share as at 31 December 2020 and 30 June 2021 respectively. These observations mean that the Offer Price gives a more favourable valuation of the Company to the Independent Shareholders. Accordingly, in this respect, we consider that the Offer Price is fair and reasonable.

**(c) Trading liquidity of the Shares**

Set out in the table below are the monthly total trading volumes of the Shares and the percentages of such monthly total trading volumes to the total issued Shares and the Shares held by the Independent Shareholders in the Share Price Review Period:

	<b>Monthly total trading volume of the Shares</b>	<b>Percentage of the total trading volume of the Shares for the month/ period to the total issued Shares (Note 1)</b>	<b>Percentage of the total trading volume of the Shares for the month/ period to the Shares held by the Independent Shareholders (Note 2)</b>
<b>2020</b>			
November	616,000	0.39%	0.96%
December	216,000	0.14%	0.34%
<b>2021</b>			
January	3,248,000	2.03%	5.06%
February	168,000	0.11%	0.26%
March	12,000	0.01%	0.02%

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	<b>Monthly total trading volume of the Shares</b>	<b>Percentage of the total trading volume of the Shares for the month/ period to the total issued Shares (Note 1)</b>	<b>Percentage of the total trading volume of the Shares for the month/ period to the Shares held by the Independent Shareholders (Note 2)</b>
April	272,000	0.17%	0.42%
May	367,000	0.24%	0.59%
June	140,000	0.09%	0.22%
July	17,756,000	11.10%	27.65%
August	18,220,000	11.39%	28.38%
September	15,192,000	9.50%	23.66%
October	14,468,000	9.04%	22.53%
November (Note 3)	105,248,000	65.78%	163.92%
From 1 December 2021 up to and including the Latest Practicable Date	3,204,000	2.00%	4.99%

*Source: the Stock Exchange's website*

*Notes:*

1. The calculation is based on the total trading volume of the Shares for the month or period divided by the total issued Shares of 160,000,000 as at the end of the corresponding month or the Latest Practicable Date.
2. The calculation is based on the total trading volume of the Shares for the month or period divided by 64,208,428 Shares, being the total number of issued Shares of 160,000,000 as at end of the corresponding month or the Latest Practicable Date after subtracting the total number of 95,791,572 Shares held by the Offeror and parties acting in concert with it and the Vendors. This is to provide additional information on the trading liquidity of the Shares from the perspective of the Independent Shareholders (excluding the Vendors).
3. Trading in the Shares was suspended on 25 November 2021 pending the release of the Joint Announcement.

As noted from the above table, the monthly trading volume of the Shares as a percentage of the total issued Shares had been thin between November 2020 and June 2021, which ranged from approximately 0.01% to 2.03%. During the same period, the corresponding monthly trading volume of the Shares as a percentage of the total issued Shares held by the Independent Shareholders ranged from approximately 0.02% to 5.06%.

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A surge in monthly trading volume is observed since July 2021. The monthly trading volume of the Shares as a percentage of the total issued Shares between July 2021 and October 2021 ranged from approximately 9.04% to 11.39%. During the same period, the corresponding monthly trading volume of the Shares as a percentage of the total issued Shares held by the Independent Shareholders ranged from approximately 22.53% to 28.38%.

Subsequent to the release of the Joint Announcement, it is noted that there were surges in trading volume of the Shares recorded in late-November and early December 2021. In particular, it is noted that, on 26 November 2021 being the first trading day after the Joint Announcement was published, approximately 88,200,000 Shares were traded, which considerably contributed to the significant increase in the trading volume of the Shares in November 2021. We consider such surges were mainly caused by the potential effects of the Offer, and hence it is uncertain whether the trading volume of the Shares will maintain at such level in the future.

We consider that, from the Independent Shareholders' perspective, the trading liquidity of the Shares had been thin for the majority of time during the Pre-Announcement Period. In addition, taking account of the historical trading volume of the Shares from a longer time period perspective and the possibility that the impacts of the Offer would be gradually digested by the Shareholders and the general investing public, we consider it is uncertain whether the trading volume of the Shares would continue to maintain as relatively active as seen during the surges in trading volume of the Shares since July 2021 and particularly after the release of the Joint Announcement.

### 5. Information on and Intention of the Offeror

#### *(a) Background of the Offeror and Mr. Huang*

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the Latest Practicable Date, the Offeror is wholly-owned by Mr. Liu, who is also the sole director of the Offeror.

Mr. Liu, aged 37, obtained his master degree in advanced computer science from the University of Cambridge in July 2012. Since 2018, Mr. Liu has been the chief science officer of Hangzhou Zifu Interactive Network Technology Co., Ltd., a company principally engaged in the business of research and development of information technology and information integration system (“**Hangzhou Zifu**”), and he is also the executive director and general manager of Hangzhou Zifu. Moreover, Mr. Liu is the executive director and general manager of Yawang Zhiye (Hangzhou) Co., Ltd.\* (樅網置業(杭州)有限公司), a private company engaged in property management and development of commercial and office buildings in Hangzhou, the PRC. Since February 2021, Mr. Liu has been a non-independent director of Anhui Wantong Technology Co., Ltd.\* (安徽皖通科技股份有限公司), a company listed on the Shenzhen Stock Exchange with a stock code of 002331.SZ. In August 2020, Mr. Liu was accredited as a Class B High-Level Talent under the Measure of Yuhang District of Hangzhou on the Classification and Identification of High-Level Talents\* (杭州市余杭區高層次人才分類認定辦法). Currently, Mr. Liu serves as a standing member of the Chinese People's

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Political Consultative Conference of Hangzhou Linping District and vice chairman of Hangzhou Linping District Federation of Overseas Chinese\* (杭州市臨平區歸國華僑聯合會).

Mr. Huang, aged 53, obtained his master degree in business administration from Zhejiang University (浙江大學) in June 2006. He has extensive experience in the management and garment industry. Since 2002, Mr. Huang is the chairman and general manager of a private garment company in the PRC.

***(b) Intention of the Offeror in relation to the Group***

As set out in the “Letter from Innovax Securities”, the Offeror intends to continue the existing businesses of the Group. The Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets immediately after the close of the Offer. Following the close of the Offer, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group and explore other investment or business opportunities to diversify the business of the Group with an objective to broaden its income source. As at the Latest Practicable date, the Offeror (i) had not identified any investment or business opportunity; and (ii) had no intention to terminate the employment of any employees of the Group or make significant changes to any employment (except for the proposed changes of the Board composition as detailed below). In this connection, as stated in the “Letter from the Board”, the Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the best interests of the Company and the Shareholders as a whole. Further information in relation to the intention of the Offeror is set out below.

***(i) Proposed changes to the board composition of the Company***

As at the Latest Practicable Date, the Board consists of six Directors, comprising two executive Directors, namely Mr. Sze Yan Ngai and Mr. Cheung Chung Wai; one non-executive Director, namely Ms. Wong Pui Yain; and three independent non-executive Directors, namely Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Iu Tak Meng Teddy.

As stated in the “Letter from Innovax Securities”, it is expected that all executive Directors (except Mr. Sze Yan Ngai) and non-executive Director will resign from the Board with effect from the earliest time permitted under the Takeovers Code. It is expected that Mr. Sze Yan Ngai will remain as an executive Director after the close of the Offer.

As stated in the “Letter from Innovax Securities”, the Offeror had nominated Mr. Liu and Mr. Huang as the new executive Directors. The Board had approved such nominations and the aforesaid appointments of Mr. Liu and Mr. Huang shall take effect after the despatch of the Composite Document. Further announcement

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in relation to the change of the Directors will be made by the Company as and when appropriate in compliance with the GEM Listing Rules and the Takeovers Code.

*(ii) Public float and maintaining the listing status of the Company*

As stated in the “Letter from the Board”, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealing in the Shares. Therefore, it should be noted that upon closing of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. As stated in the “Letter from Innovax Securities”, the Offeror intends the Company to remain listed on the Stock Exchange. In this connection, the sole director of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. In this connection, in the event that the public float of the Company falls below 25% upon the close of the Offer, the Offeror will, as soon as practicable, dispose of such number of Shares either directly in the market or through a placing agent to be appointed by the Offeror to ensure that the public float requirement under the GEM Listing Rules can be met.

*(iii) Our view*

With reference to the above information relating to the Offeror, we note that the Offeror intends that the Group will continue its existing business, and the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets immediately after the close of the Offer. It is also noted that the Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment, except for the proposed changes of the Board composition as detailed above. In particular, Mr. Sze Yan Ngai is expected to remain as an executive Director after the close of the Offer, who has over 10 years of experience in game operation and development industry and had been the chief executive officer of the predecessor of the Group for more than 10 years previously. As such, we consider that the existing gaming business of the Group will be able to continue without material impact shortly after the close of the Offer.

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However, the other existing executive Director and the existing non-executive Director are expected to resign. In addition, the Offeror had nominated Mr. Liu and Mr. Huang, who do not have specific experience in the gaming industry, as new executive Directors for appointment to the Board. Such nominations had already been approved by the Board and the appointments of Mr. Liu and Mr. Huang as executive Directors will take effect after the despatch of the Composite Document. Furthermore, following the close of the Offer, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group and explore other investment or business opportunities to diversify the business of the Group with an objective to broaden its income source, although no such investment or business opportunity had been identified as at the Latest Practicable date. As such, due to the changes in the composition of the Board and the Offeror's intention mentioned above, in longer term, we consider that, depending on the decision of the Board in the future, potentially there may be changes in the Group's business operation and strategies, the impact of which is uncertain. Independent Shareholders who wish to retain part or all of their investments in the Shares should pay attention to the Group's business development and financial performance as well as any changes in the Board in the future after the close of the Offer.

Furthermore, if at the close of the Offer less than 25% of the Shares are held by the public or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. In this connection, the Independent Shareholders who wish to retain part or all of their investments in the Shares are reminded that, upon completion of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

### **6. Comparable Companies analysis**

The Group is principally engaged in the development, operation and publishing of mobile games and online PC games in Hong Kong and Taiwan, and during the Review Period, all the Group's revenue was derived from its gaming business. For comparable companies analysis purpose to assess the fairness and reasonableness of the Offer Price, we have initially sought to identify comparable companies listed on the Stock Exchange (the "**Comparable Companies**") exhaustively on ET Net and the Stock Exchange based on the criteria that (i) the shares of the company are listed on GEM of the Stock Exchange (as the Company does); and (ii) the majority (over 50%) of the revenue of the company was derived from gaming business during its latest complete financial year. However, only one comparable company listed on GEM of the Stock Exchange was identified, which may not be enough to allow a representative comparison.

Under this circumstance, we have extended our searches to identify comparable companies listed on the Main Board of the Stock Exchange with a relatively smaller market capitalisation to be more comparable to the scale of the Company, the closing market

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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capitalisation of which was HK\$94.4 million as at the Last Trading Day. In this connection, we have further sought to identify companies listed on the Stock Exchange exhaustively on ET Net and the Stock Exchange based on the criteria that (i) the closing market capitalisation of the company listed on the Main Board of the Stock Exchange as at the Last Trading Day of not more than HK\$500 million; and (ii) the majority (over 50%) of the revenue of the company was derived from gaming business during its latest complete financial year. Based on the extended search, we have identified four more comparable companies listed on the Main Board of the Stock Exchange. We consider the five Comparable Companies as identified above to be exhaustive based on the selection criteria set out above and, in general, would serve a fair and representative sample for the purpose of drawing a comparison to the Offer Price. Details of the Comparable Companies are set out below:

Company (Stock code)	Principal activities	Market Capitalisation as at the Last Trading Day (HK\$ million)	Revenue attributable for the year ended 31 December 2020 (HK\$ million)	Unaudited NAV Revenue attributable to owners of the company as at 30 June 2021 (HK\$ million)	Price-to- sales ratio ("PSR")  (times) (Note 1)	Price-to- book ratio ("PBR")  (times) (Note 2)
Fingertango Inc (6860)	Mobile game operation and publishing business.	363.1	912.5 (Note 3)	1,791.2 (Note 3)	0.40	0.20
Boyaa Interactive International Limited (434)	Development and operation of online card and board games.	355.4	428.6 (Note 3)	2,473.4 (Note 3)	0.83	0.14
Jiu Zun Digital Interactive Entertainment Group Holdings Limited (1961)	Mobile games and digital media business.	311.2	207.5 (Note 3)	239.9 (Note 3)	1.50	1.30
Digital Hollywood Interactive Limited (2022)	Publishing of online games.	188.0	136.8 (Note 4)	338.9 (Note 4)	1.37	0.55
Linekong Interactive Group Company Limited (8267)	Development and distribution of online games.	119.6	258.4 (Note 3)	450.7 (Note 3)	0.46	0.27

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Company (Stock code)	Principal activities	Market Capitalisation as at the Last Trading Day (HK\$ million)	Revenue for the year ended 31 December 2020 (HK\$ million)	Unaudited NAV attributable to owners of the company as at 30 June 2021 (HK\$ million)	Price-to- sales ratio ("PSR") (times) (Note 1)	Price-to- book ratio ("PBR") (times) (Note 2)
				<b>Average</b>	0.91	0.49
				<b>Median</b>	0.83	0.27
				<b>Maximum</b>	1.50	1.30
				<b>Minimum</b>	0.40	0.14
				<b>Implied Market Capitalisation</b> (HK\$ million)	<b>Implied PSR</b> (times)	<b>Implied PBR</b> (times)
				<b>The Offer Price</b>	96.0 (Note 5)	1.87 (Note 6)
						3.43 (Note 7)

Source: the Stock Exchange's website, annual reports and interim reports of the Comparable Companies

Notes:

- The PSRs of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Last Trading Day divided by the revenue of the respective Comparable Companies for the latest financial year ended 31 December 2020 based on their most recently published annual reports.
- The PBRs of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Last Trading Day divided by the NAV attributable to owners of the relevant Comparable Companies as at 30 June 2021 based on their most recently published interim reports.
- Revenue and unaudited NAV attributable to owners of the company is calculated with reference to the exchange rate of HK\$1.00 = RMB0.82001 as quoted by the People's Bank of China on 24 November 2021 being the Last Trading Day.
- Revenue and unaudited NAV attributable to owners of the company is calculated with reference to the exchange rate of USD1.00 = HK\$7.7937 as quoted by Yahoo Finance on 24 November 2021 being the Last Trading Day.
- The implied market capitalisation of the Company is calculated as the Offer Price of HK\$0.6 per Offer Share multiplied by the number of Shares in issue of 160,000,000 as at the Last Trading Day.
- The implied PSR of the Offer Price is calculated as the implied market capitalisation of the Company based on the Offer Price of HK\$0.6 per Offer Share divided by the revenue for the latest financial year ended 31 December 2020 as referenced from the Annual Report 2020.
- The implied PBR of the Offer Price is calculated as the implied market capitalisation of the Company based on the Offer Price of HK\$0.6 per Offer Share divided by the NAV attributable to owners of the Company as at 30 June 2021 as referenced from the Interim Report 2021.

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For comparable companies analysis purpose, we considered using the industry-specific valuation multiples including enterprise value-to-earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) (the “**EV/EBITDA Ratio**”) and PSR, as the EV/EBITDA Ratio and PSR are valuation multiples more commonly adopted in evaluating business takeover transactions and more specific to the gaming industry because they eliminate the deviations in the non-operative factors such as the financial leverage, depreciation policy, and taxation rate, which may differ significantly in gaming companies. However, the Group recorded negative EBITDA (i.e. loss) and net loss during its latest complete financial year, so EV/EBITDA Ratio and the more conventional valuation multiple price-to-earnings ratio cannot be used for comparison purpose. To provide more references for analysis, although PBR may not be an industry-specific valuation multiple for gaming companies, we also included it in our comparison as it remains a conventional and widely used valuation multiple for evaluation of business takeover transactions in the market. Accordingly, as set out in the table above, we have adopted PSR and PBR for the purpose of comparable companies analysis.

*(a) Comparison of the PSRs*

As set out in the table above, the PSRs of the Comparable Companies range from approximately 0.40 time to approximately 1.50 times, with an average of approximately 0.91 time and a median of approximately 0.83 time. The PSR of the Company as implied by the Offer Price is approximately 1.87 times, which is above the range of the PSRs of the Comparable Companies.

*(b) Comparison of the PBRs*

As set out in the table above, the PBRs of the Comparable Companies range from approximately 0.14 time to approximately 1.30 times, with an average of approximately 0.49 time and a median of approximately 0.27 time. The PBR of the Company as implied by the Offer Price is approximately 3.43 times, which considerably exceeds the range of the PBRs of the Comparable Companies.

*(c) Our View*

We noted that the implied PSR and, more considerably, the implied PBR of the Offer Price exceed the respective ranges of PSRs and PBRs of the Comparable Companies, which means that the Offer Price gives a more favourable valuation from the comparable companies analysis perspective. Accordingly, we consider the Offer Price fair and reasonable in this respect with reference to the Comparable Companies.

#### IV. DISCUSSION AND ANALYSES

In forming our opinion and recommendation below, we have taken account of the factors set out under the section headed “Principal Factors and Reasons Considered” in this letter. In particular, we would like to draw the attention of the Independent Shareholders to certain key points as summarised below:

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### **1. Persistent loss-making track record and business prospects remaining challenging**

As discussed in the section headed “Principal Factors and Reasons Considered – Background and information of the Company – Financial performance of the Group” in this letter, the Group consistently recorded net loss for each of the three years ended 31 December 2018, 2019 and 2020 and for the nine months ended 30 September 2021, during which the Group had from time to time launched and operated various games. Also, the Group did not pay any dividend to give investment returns to the Shareholders during the Review Period. In addition, as discussed in the section headed “Principal Factors and Reasons Considered – Background and information of the Company – Prospects of the Group” in this letter, the Group has been facing intense competition, which may further be adversely affected by the threat of the COVID-19 pandemic. Having considered the Group’s persistent track record of net loss and the intense competition faced by the Group, we consider that, despite the positive outlook of the gaming industry, the Group’s own business execution capabilities has been challenged considerably and the Group has not managed to achieve satisfactory financial performance during the Review Period.

Accordingly, even though the Group launched two new licensed mobile games in the second quarter and third quarter of 2021 which helped increase its total revenue and narrow down its net loss for the nine months ended 30 September 2021 as compared to the corresponding period in 2020, we consider it remains unsure whether the Group can achieve turnaround results and improve its financial performance consistently in the long run, and the prospects of the Group’s business remain challenging and uncertain. If the Group fails to effectively operate its business and deal with the challenges on the Group’s prospects to turn itself profitable in the long run, coupled with the lack of any dividend payout by the Company as observed historically, we consider the price performance of the Shares may be adversely affected in longer term after the close of the Offer.

### **2. Offer Price more favourable than the historical Share prices during most of the Pre-Announcement Period and historical NAV per Share**

For the Shareholders, the realisable value of their investment in the Company mainly depends on the Share price, and hence one of the most important factors to assess the reasonableness and fairness of the Offer Price is the premium or discount of the Offer Price over or to historical Share prices. As set out in our discussion in the section headed “Principal Factors and Reasons Considered – Analysis of Share price” in this letter, it is noted that the Offer Price had been above the closing Share prices throughout the Pre-Announcement Period except for two trading days, consistently marking substantial premium of more than 26% over the average closing prices for those longer trading day periods (i.e. 30 trading days and more) prior to the release of the Joint Announcement. In addition, the Offer Price represents very significant premiums over the NAV attributable to owners of the Company per Share as at 31 December 2020 and 30 June 2021 respectively. Based on these observations, we consider that the Offer Price gives a more favourable valuation of the Company to the Independent Shareholders. In this respect, taking account of the premiums of the Offer Price over both the closing Share prices during most of the Pre-Announcement Period and the historical NAV attributable to owners of the Company, we consider that the Offer Price is fair and reasonable.

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After the release of the Joint Announcement and up to the Latest Practicable Date, we note that the closing price of the Shares was staying at a relatively higher level in the range of HK\$0.59 and HK\$0.68. As at the Latest Practicable Date, the Share price closed at HK\$0.59. However, we consider that the movement of the Share price after the publication of the Joint Announcement already reflected the impacts of the Offer, and discussion about such Share price movement is less relevant and less meaningful for the purpose of assessing fairness and reasonableness of the Offer Price. In addition, Independent Shareholders should be aware that there can be no assurance for the Shares to trade at the recent level of Share prices or maintain at a price higher than the Offer Price in the future.

### **3. Opportunity to realise the Shares in view of trading liquidity of the Shares historically**

As discussed in the section headed “Principal Factors and Reasons Considered – Analysis of Share price – Trading liquidity of the Shares” in this letter, we are of the view that for the majority period of time during the Pre-Announcement Period, the trading liquidity of the Shares was generally thin. Although it is noted that there were surges in trading volume of the Shares recorded since July 2021, and particularly in November 2021 following the release of the Joint Announcement which may be mainly caused by potential effects of the Offer, we consider it is uncertain for the trading volume of the Shares to maintain at such relatively active level in the long run after the close of the Offer. If the trading liquidity of the Shares shrinks again and returns to the inactive level prior to July 2021, the Independent Shareholders would suffer greater difficulty to dispose of their Shares.

In this respect, we consider the Offer provides an exit opportunity for the Independent Shareholders, particularly for those with sizeable shareholdings, who would like to realise their investments in the Shares at a fixed cash price without creating downward pressure on the market price of the Shares.

### **4. Offer price more favourable than the valuations of Comparable Companies**

As analysed in the section headed “Principal Factors and Reasons Considered – Comparable Companies analysis” in this letter, the implied PSR and, more considerably, the implied PBR of the Offer Price exceed the respective ranges of PSRs and PBRs of the Comparable Companies, which means that the Offer Price gives a more favourable valuation from the comparable companies analysis perspective. Accordingly, we consider the Offer Price fair and reasonable in this respect with reference to the Comparable Companies.

## **V. OPINION AND RECOMMENDATION**

After taking into account the principal factors and reasons considered as discussed in our letter, and based on our analyses set out above, we are of the opinion that the terms of the Offer and the Offer Price are fair and reasonable, and recommend the Independent Board Committee to recommend that the Independent Shareholders should accept the Offer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Nevertheless, after the release of the Joint Announcement and up to the Latest Practicable Date, as compared to the Offer Price of HK\$0.6, the closing price of the Shares had been staying in the range of HK\$0.59 and HK\$0.68, and it is possible that during the Offer Period the Share price may exceed the Offer Price. Accordingly, the Independent Shareholders are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds after deducting all relevant transaction costs as obtained from such disposal of the Shares would be higher than the net proceeds expected to be received under the Offer.

Yours faithfully,  
For and on behalf of  
**SHANGGU SECURITIES LIMITED**  
**Wiley O'Yang**      **Alvin Leung**  
*Managing Director*    *Managing Director*

*Mr. Wiley O'Yang is a licensed person registered with the SFC and a responsible officer of Shanggu Securities Limited, who is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 17 years of experience in the investment banking and corporate finance industry.*

*Mr. Alvin Leung is a licensed person registered with the SFC and a responsible officer of Shanggu Securities Limited, who is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the investment banking and corporate finance industry.*

\* For identification purpose only

**1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "**Gameone Holdings Limited – General Offer**" on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Innovax Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded that the Form of Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Independent Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (g) In Hong Kong, the seller's ad valorem stamp duty on acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable in respect of the relevant acceptances of the Offer by the Offeror, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

- (i) The address of the Registrar, Tricor Investor Services Limited, is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

**2. SETTLEMENT OF THE OFFER**

- (a) Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount (rounding up to the nearest cent) representing the cash consideration due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed acceptance of the Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty in respect of the Offer), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

- (b) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.
- (c) No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) The Offer is made on 16 December 2021, being the date of despatch of this Composite Document, and is capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.
- (b) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.

- (c) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) The Offeror will publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (e) If the Offer is extended or revised, the Offeror will issue an announcement in relation to such extension or revision of the Offer, which will state the next closing date or the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given, before the Offer is closed, to the Independent Shareholders who have not accepted the Offer. The revised Offer will be kept open for at least fourteen (14) days following the date on which the revised Offer document is posted.
- (f) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

#### **4. NOMINEE REGISTRATION**

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

#### **5. ANNOUNCEMENT**

- (a) As required by Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended, or have expired. The announcement will state the following:
  - i. the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

- ii. the total number of Shares and rights over Shares held, controlled or directed by the Offeror and/or the parties acting in concert with it before the Offer Period;
  - iii. the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and/or the parties acting in concert with it;
  - iv. details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and the parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold; and
  - v. the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.
- (b) In computing the total number of Shares represented by acceptances as of the Closing Date, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate. Any announcement in relation to the Offer will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.gameone.com.hk](http://www.gameone.com.hk).

## **6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the sub-paragraph (b) below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “5. Announcement” above), the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met. In such case, when the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory

indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s) at their own risks.

## **7. STAMP DUTY**

In Hong Kong, the seller's ad valorem stamp duty on acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable in respect of the relevant acceptances of the Offer by the Offeror, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar).

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

## **8. OVERSEAS SHAREHOLDERS**

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, the Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Innovax Capital, Innovax Securities, Shanggu Securities, the Registrar, the company secretary of the Company, or (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof,

and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Overseas Shareholders should consult their professional advisers if in doubt.

## **9. TAXATION ADVICE**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and the parties acting in concert with it, the Company, Innovax Capital, Innovax Securities, Shanggu Securities, the Registrar, the company secretary of the Company, or (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **10. GENERAL**

- (a) All communications, notices, the Form(s) of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and the parties acting in concert with it, Innovax Capital, Innovax Securities, Shanggu Securities, the Registrar, the company secretary of the Company, or (as the case may be) and any of their respective directors or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Innovax Securities and/or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or

expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

- (f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror that are (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of any nature; and (c) together with all rights, benefits and entitlements attaching to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) which may be recommended, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company had no intention to make, declare or pay any future dividend/distribution before the close of the Offer. In the event of any declaration of dividend/distribution by the Company, such dividend/distribution will not be used to set off against the Offer Price (or any part thereof) payable to the Shareholders under the Offer.

The Offer is made available to all Independent Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions.

Any acceptance by the Independent Shareholders and the beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders should consult their respective professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (h) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.
- (j) In making their decisions, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and the parties acting in concert with it, the Company, Innovax Capital, Innovax Securities, Shanggu Securities, the Registrar, the company secretary of the Company, or (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
- (k) The Offer is made in accordance with the Takeovers Code.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group (i) for the three years ended 31 December 2018, 2019 and 2020, which are extracted from the annual reports of the Company for the three years ended 31 December 2018, 2019 and 2020; (ii) for the six months ended 30 June 2021, which is extracted from the interim report of the Company for the six months ended 30 June 2021 and (iii) for the nine months ended 30 September 2021, which is extracted from the third quarterly report of the Company for the nine months ended 30 September 2021.

	For the year ended 31 December			For the nine months ended 30 September	For the six months ended 30 June
	2018 HK\$'000 (audited)	2019 HK\$'000 (audited)	2020 HK\$'000 (audited)	2021 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>	105,447	80,180	51,304	61,080	23,465
Cost of services rendered	<u>(83,883)</u>	<u>(57,113)</u>	<u>(40,571)</u>	<u>(36,371)</u>	<u>(16,908)</u>
<b>Gross profit</b>	21,564	23,067	10,733	24,709	6,557
Other income	777	3,430	3,411	274	163
Selling expenses	(18,920)	(14,525)	(10,973)	(18,763)	(6,953)
Administrative expenses	(17,176)	(12,722)	(11,114)	(7,955)	(5,645)
Other expenses	(10,879)	(1,092)	(2,078)	–	–
Finance cost	<u>–</u>	<u>(121)</u>	<u>(49)</u>	<u>(36)</u>	<u>(26)</u>
<b>Loss before income tax</b>	(24,634)	(1,963)	(10,070)	(1,771)	(5,904)
Income tax expense	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Loss for the year/period</b>	<u>(24,634)</u>	<u>(1,963)</u>	<u>(10,070)</u>	<u>(1,771)</u>	<u>(5,904)</u>
<b>Other comprehensive income</b>					
Item that may be reclassified subsequently to profit or loss					
Exchange difference on translation of financial statements of foreign operations	413	(256)	(1,016)	(238)	(139)
Change in fair value on cryptocurrencies	<u>–</u>	<u>–</u>	<u>–</u>	<u>83</u>	<u>–</u>
<b>Other comprehensive income for the period</b>	<u>413</u>	<u>(256)</u>	<u>(1,016)</u>	<u>(155)</u>	<u>(139)</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<u><u>(24,221)</u></u>	<u><u>(2,219)</u></u>	<u><u>(11,086)</u></u>	<u><u>(1,926)</u></u>	<u><u>(6,043)</u></u>

	For the year ended 31 December			For the nine months ended 30 September	For the six months ended 30 June
	2018	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
<b>Loss for the year/period attributable to:</b>					
Owners of the Company	(24,340)	(1,863)	(10,070)	(1,771)	(5,904)
Non-controlling interests	(294)	(100)	-	-	-
	<u>(24,634)</u>	<u>(1,963)</u>	<u>(10,070)</u>	<u>(1,771)</u>	<u>(5,904)</u>
Losses per share					
- Basic and Diluted	<u>(0.15)</u>	<u>(0.01)</u>	<u>(0.06)</u>	<u>(0.01)</u>	<u>(0.04)</u>

There are no other items of income or expense which are material for each of the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 and the nine months ended 30 September 2021.

No qualified opinion had been issued by the auditor of the Company, BDO Limited, in respect of the Company's audited consolidated financial statements for each of the three years ended 31 December 2018, 2019 and 2020.

No dividend was declared, distributed or paid by the Company during each of the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2021 and the nine months ended 30 September 2021.

There was no change in the Group's accounting policy during the three years ended 31 December 2018, 2019 and 2020 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

## 2. FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in the Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The unaudited condensed consolidated results of the Group for the nine months ended 30 September 2021 are set out on pages 1 to 7 of the third quarterly report of the Company for the nine months ended 30 September 2021, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2021/1112/2021111200671.pdf>”

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2021 are set out on pages 3 to 13 of the interim report of the Company for the six months ended 30 June 2021, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0813/2021081300658.pdf>”

The audited consolidated financial statements of the Group for the year ended 31 December 2020 are set out on pages 48 to 111 of the annual report of the Company for the year ended 31 December 2020, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0331/2021033101176.pdf>”

The audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out on pages 48 to 109 of the annual report of the Company for the year ended 31 December 2019, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0331/2020033100990.pdf>”

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are set out on pages 47 to 105 of the annual report of the Company for the year ended 31 December 2018, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0329/gln20190329077.pdf>”

### 3. INDEBTEDNESS

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of the Composite Document, the indebtedness of the Group was as follows:

	<i>HK\$'000</i>
Current Lease liabilities	1,244
Capital commitment	2,834

Save as aforesaid and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, at the close of business on 31 October 2021, the Group did not have other outstanding debt securities issued and outstanding or agreed to be issued, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

**4. NO MATERIAL CHANGE**

Save for the increase in turnover and reduction in loss for the period as compared to same period last year as disclosed in the third quarterly report of the Company for the nine months ended 30 September 2021, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to and including the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intentions have been supplied by the Offeror.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Group, the Directors and the Vendors) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
31 May 2021	0.270
30 June 2021	0.350
30 July 2021	0.400
31 August 2021	0.495
30 September 2021	0.425
29 October 2021	0.425
24 November 2021 ( <i>being the Last Trading day</i> ) <sup>(Note)</sup>	0.590
30 November 2021	0.600
13 December 2021 ( <i>being the Latest Practicable Date</i> )	0.590

*Note:* Trading in Shares was halted on 25 November 2021 pending the release of the Joint Announcement.

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.700 per Share on 23 November 2021 and HK\$0.270 per Share on 27 May 2021 to 28 May 2021, 31 May 2021 to 4 June 2021 and 7 June 2021 to 9 June 2021, respectively.

## 3. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, the Offeror and the parties acting in concert with it held 81,600,000 Shares (of which 56,893,000 Shares were held by the Offeror and 24,707,000 Shares were held by Mr. Huang), representing 51.00% of the total issued share capital of the Company. Mr. Liu is the sole ultimate beneficial shareholder and the sole director of the Offeror. Save for the above, as at the Latest Practicable Date, none of the

Offeror and the parties acting in concert with it owned, controlled or had any interest in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

#### 4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, as at the Latest Practicable Date:

- (i) save for the Sale Shares, the Offeror and/or parties acting in concert with it (including Mr. Huang) did not own or have control or direction over or have any interest in any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) save for the Undertakings, the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them have not received any irrevocable commitment to accept or not to accept the Offer;
- (iii) there was no agreement or arrangement in relation to outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;
- (iv) there were no conditions to which the Offer is subject;
- (v) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any parties acting in concert with it has borrowed or lent;
- (vi) save for the Consideration under the Sale and Purchase Agreement, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Vendors, their respective ultimate beneficial owners and/or any parties acting in concert with any of them in connection with the sale and purchase of the Sale Shares;
- (vii) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and/or parties acting in concert with it on one hand, and the Vendors, their respective ultimate beneficial owners and parties acting in concert with any of them on the other hand;
- (viii) there is no understanding, arrangement, agreement which would constitute a special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholder and (b)(i) the Offeror and any parties acting in concert with it, or (ii) the Company, its subsidiaries or associated companies;
- (ix) save for the purchase of the Sale Shares, none of the Offeror and/or any parties acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;

- (x) save for the Facility Agreement, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (xi) save for the Sale and Purchase Agreement and the Facility Agreement, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (xii) save for the Facility Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any parties acting in concert with it or any of the Offeror's associate (as defined under the Takeovers Code) and any other person;
- (xiii) none of the persons with whom the Offeror or any parties acting in concert with it had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (xiv) no benefits (other than statutory compensation) were to be given to any of the Directors as compensation for loss of office or otherwise in connection with the Offer;
- (xv) save for the Undertakings (details of which are set out in the paragraph headed "The Offer - Irrevocable Undertakings not to accept the Offer" in the "Letter from Innovax Securities" in this Composite Document), there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owner or any person acting in concert with any of them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (xvi) there was no agreement or arrangement to which the Offeror and/or parties acting in concert with it was a party which related to circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer; and
- (xvii) save for the sale of the Sale Shares by the Vendors to the Purchasers pursuant to the Sale and Purchase Agreement, those Shareholders who have executed the Undertakings, namely the First Vendor, the Second Vendor and Nineyou, have not dealt for value in the Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

**5. EXPERTS AND CONSENTS**

The followings are the names and qualifications of the experts whose letters, opinions or advices are contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Innovax Capital	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Innovax Securities	a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, opinions, advices and/or references to its name in the form and context in which they are respectively included.

**6. GENERAL**

- (i) The Offeror is beneficially and wholly owned by Mr. Liu, who is the sole director of the Offeror.
- (ii) The registered office of the Offeror is situated at Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands.
- (iii) The correspondence address of the Offeror and Mr. Liu is 5/F., SPA Centre, 53-55 Lockhart Road, Wanchai, Hong Kong.
- (iv) The correspondence address of Mr. Huang is Unit 806, 8/F., Two Harbourfront, 22 Tak Fung Street, Hung Hom, Hong Kong.
- (v) The principal business address of Innovax Capital is Room 2002, 20/F, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong.
- (vi) The principal business address of Innovax Securities is Unit A-C, 20/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong.
- (vii) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text in the case of inconsistency.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); (ii) on the website of the Company ([www.gameone.com.hk](http://www.gameone.com.hk)); and (iii) during normal business hours from 9:30 a.m. to 5:30 p.m., from Monday to Friday, other than Hong Kong public holidays, at Unit A, 21/F., North Point Industrial Building, No. 499 King's Road, North Point, Hong Kong from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the letter from Innovax Securities, the text of which is set out in the section headed "Letter from Innovax Securities" in this Composite Document;
- (iii) the written consents of the experts as referred to under the paragraph headed "5. Experts and Consents" in this appendix;
- (iv) the Sale and Purchase Agreement;
- (v) the Facility Agreement; and
- (vi) the Undertakings.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK\$0.01 each as at 31 December 2020 and the Latest Practicable Date were as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>10,000,000</u>
 <i>Issued</i>	
<u>160,000,000</u> Shares	<u>1,600,000</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

As at the Latest Practicable Date, save for 160,000,000 Shares in issue, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

## 3. DISCLOSURE OF INTERESTS BY DIRECTORS OF THE COMPANY

As at the Latest Practicable Date, save as disclosed below, none of the Directors and their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

Name of director	Capacity	Number of Shares held/ interested	Approximate % of the total issued Shares
Ms. Wong Pui Yain (Note 1)	Interest of controlled corporation	9,894,235	6.18%
Mr. Sze Yan Ngai (Note 2)	Interest of controlled corporation/ Interest of spouse	4,297,337	2.69%

## 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 the First Vendor. By virtue of the SFO, Ms. Wong is deemed to be interested in the 9,894,235 Shares in which the First Vendor is interested.
- (2) Mr. Sze Yan Ngai (“**Mr. Sze**”) and Ms. Chan Lai Chu (“**Mrs. Sze**”) hold 50% of the issued share capital of the Second Vendor, respectively, which holds 4,297,337 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 Mrs. Sze is interested.

#### 4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of Shares held/ interested	Approximate % of the total issued Shares
The Offeror (Note 1)	Beneficial owner	56,893,000	35.56%
Mr. Liu (Note 2)	Interest of controlled corporation	56,893,000	35.56%
Mr. Huang	Beneficial owner	24,707,000	15.44%
Nineyou (Note 3)	Beneficial owner	18,367,182	11.48%
Heartland Investment Limited (Note 3)	Interest of controlled corporation	18,367,182	11.48%
New Horizon Capital, L.P. (Note 3)	Interest of controlled corporation	18,367,182	11.48%
First Vendor	Beneficial owner	9,894,235	6.18%

Name	Capacity	Number of Shares held/ interested	Approximate % of the total issued Shares
PC Asia ( <i>Note 4</i> )	Interest of controlled corporation	9,894,235	6.18%
Mr. Wong Kiam Seng ( <i>Note 5</i> )	Interest of controlled corporation	9,894,235	6.18%

*Notes:*

1. These Shares were charged pursuant to the Facility Agreement.
2. The Offeror is wholly and beneficially owned by Mr. Liu. Accordingly, Mr. Liu is therefore deemed to be interested in all the Shares held by the Offeror by virtue of the SFO.
3. Based on the information provided by Nineyou, Nineyou 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.
4. PC Asia is beneficially owned by Ms. Wong as to 50% and Mr. Wong Kiam Seng as to 50%, respectively. Mr. Wong Kiam Seng is the father of Ms. Wong.
5. Mr. Wong Kiam Seng holds 50% of the issued share capital of PC Asia, which directly holds 99% and indirectly holds 1%, through PC Asia Nominees, of the issued share capital of the First Vendor. By virtue of the SFO, Mr. Wong Kiam Seng is deemed to be interested in the 9,894,235 Shares in which the First Vendor is interested.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under section 336 of the SFO.

## 5. DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

During the Relevant Period,

- (a) save for the Sale and Purchase Agreement entered into between the Vendors and the Purchasers, none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares; and

- (b) neither the Company, any member of the Group nor any of the Director was interested in or owned or controlled any shares, convertible securities, warrants options or derivatives of the Offeror and none of the Company nor the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

## 6. OTHER DISCLOSURE OF INTERESTS

During the Offer Period and ending on the Latest Practicable Date:

- (a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of member of the Group or by any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers), and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;
- (b) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;
- (c) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any shares or any convertible securities, warrants, options or derivative issued by the Company; and
- (d) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (c) no material contracts had been entered into by the Offeror in which any Director had material personal interest; and
- (d) save for the irrevocable undertakings given by each of the Vendors as disclosed in the section headed “The Vendors’ Undertakings” in the “Letter from the Board” in respect of the Remaining Shares held by the Vendors, the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer.

## **7. MATERIAL CONTRACTS**

No contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) was entered into by the members of the Group within two years immediately preceding the date on which the Offer Period commenced and up to the Latest Practicable Date, which are or may be material.

## **8. GENERAL**

- (a) The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Office Unit No. 07, 5/F, Workingberg Commercial Building, Nos. 41-47 Marble Road, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

## **9. MARKET PRICE**

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the Latest Practicable Date; (ii) 24 November 2021, being the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period:

Date	Closing Price per Share (HK\$)
31 May 2021	0.27
30 June 2021	0.35
30 July 2021	0.40
31 August 2021	0.495
30 September 2021	0.425
29 October 2021	0.425
24 November 2021 (being the Last Trading Day)	0.59
30 November 2021	0.60
Latest Practicable Date	0.59

During the Relevant Period, the highest closing price of the Shares was HK\$0.70 per Share as quoted on the Stock Exchange on 23 November 2021 and the lowest closing price of the Shares was HK\$0.27 per Share as quoted on the Stock Exchange on 27 May 2021, 28 May 2021, 31 May 2021, 1 June 2021, 2 June 2021, 3 June 2021, 4 June 2021, 7 June 2021, 8 June 2021 and 9 June 2021, respectively.

#### 10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into a director's service contract with Mr. Cheung Chung Wai ("Mr. Cheung") for a term commencing from 30 June 2021 and ending on 29 June 2024, subject to rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. The service contract can be terminated by either party by giving the other party three months' written notice in advance. The director's remuneration of Mr. Cheung is HK\$468,000 per annum which is determined with reference to his experience, duties and responsibilities with the Company and the prevailing market conditions. Mr. Cheung may also be paid a discretionary bonus to be determined by the Board with reference to the Company's and Mr. Cheung's performance.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

**11. EXPERT AND CONSENT**

The following is the qualification of the expert whose letter or opinion is contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Shanggu Securities	A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Shanggu Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letters or opinions and/or references to its name in the form and context in which it appears.

**12. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any members of the Group.

**13. DOCUMENTS ON DISPLAY**

Copies of the following documents are published on the respective websites of the Company (<http://www.gameone.com.hk>) and the SFC ([www.sfc.hk](http://www.sfc.hk)), all from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2018, 2019 and 2020;
- (c) the interim report of the Company for the six months ended 30 June 2021;
- (d) the third quarterly report of the Company for the nine months ended 30 September 2021;
- (e) the letter from the Board, the text of which is set out in this Composite Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (g) the letter from Shanggu Securities, the Independent Financial Adviser, the text of which is set out in this Composite Document;

- (h) the service contract referred to in the paragraph headed “10. Directors’ Service Contracts” in this Appendix; and
- (i) the written consent referred to under the paragraph headed “11. Expert and Consent” in this Appendix.