



## **GAMEONE HOLDINGS LIMITED**

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

**(Stock Code: 8282)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its 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 announcement.*

*This announcement, for which the directors (the “**Directors**”) of Gameone Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FINANCIAL RESULTS

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2017, together with the comparative unaudited figures for the corresponding period in 2016 as follows:

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2017

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Revenue</b>	6	<b>13,165</b>	20,756	<b>30,313</b>	46,126
Cost of services rendered		<b>(8,263)</b>	(13,931)	<b>(18,588)</b>	(29,810)
<b>Gross profit</b>		<b>4,902</b>	6,825	<b>11,725</b>	16,316
Other income	6	<b>85</b>	4	<b>130</b>	24
Selling expenses		<b>(2,124)</b>	(3,156)	<b>(6,741)</b>	(6,426)
Administrative expenses		<b>(6,164)</b>	(6,735)	<b>(10,372)</b>	(10,945)
Other expenses		<b>(302)</b>	(118)	<b>(302)</b>	(118)
<b>Loss before income tax</b>	7	<b>(3,603)</b>	(3,180)	<b>(5,560)</b>	(1,149)
Income tax expense	8	<b>–</b>	170	<b>–</b>	(380)
<b>Loss for the period</b>		<b>(3,603)</b>	(3,010)	<b>(5,560)</b>	(1,529)
<b>Other comprehensive income</b>					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange difference on translation of financial statements of foreign operations		<b>(649)</b>	21	<b>(1,050)</b>	(219)
<b>Other comprehensive income for the period</b>		<b>(649)</b>	21	<b>(1,050)</b>	(219)
<b>Total comprehensive income for the period</b>		<b>(4,252)</b>	(2,989)	<b>(6,610)</b>	(1,748)
<b>Loss for the period attributable to the owners of the Company</b>		<b>(3,603)</b>	(3,010)	<b>(5,560)</b>	(1,529)
<b>Total comprehensive income attributable to the owners of the Company</b>		<b>(4,252)</b>	(2,989)	<b>(6,610)</b>	(1,748)
<b>Loss per share</b>					
– Basic and Diluted	10	<b>(0.02)</b>	(0.02)	<b>(0.03)</b>	(0.01)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2017

	Notes	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	3,080	3,601
Intangible assets	12	16,787	15,006
		<u>19,867</u>	<u>18,607</u>
<b>Current assets</b>			
Inventories		28	38
Trade receivables	13	5,233	5,528
Prepayments, deposits and other receivables		10,709	9,731
Amounts due from non-controlling shareholders of a subsidiary		378	344
Tax recoverable		644	644
Cash at banks and on hand		65,277	76,209
		<u>82,269</u>	<u>92,494</u>
<b>Current liabilities</b>			
Trade payables	14	2,162	3,460
Accrued expenses and other payables		3,805	4,618
Deferred income		11,758	11,891
Amount due to a related company		105	216
		<u>17,830</u>	<u>20,185</u>
<b>Net current assets</b>		<u>64,439</u>	<u>72,309</u>
<b>Total assets less current liabilities</b>		<u>84,306</u>	<u>90,916</u>
<b>Non-current liability</b>			
Deferred taxation		242	242
<b>Net assets</b>		<u>84,064</u>	<u>90,674</u>
<b>EQUITY</b>			
Share capital	15	1,600	1,600
Reserves		82,068	88,678
Equity attributable to the Company's owners		83,668	90,278
<b>Non-controlling interests</b>		<u>396</u>	<u>396</u>
<b>Total equity</b>		<u>84,064</u>	<u>90,674</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$'000	Share premium* HK\$'000	Other reserve* HK\$'000	Translation reserve* HK\$'000	Accumulated losses* HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2017</b>	1,600	41,129	71,458	1,502	(25,411)	396	90,674
Loss for the period	-	-	-	-	(5,560)	-	(5,560)
Exchange difference on translation of financial statements of foreign operations	-	-	-	(1,050)	-	-	(1,050)
Other comprehensive income for the period	-	-	-	(1,050)	-	-	(1,050)
Total comprehensive income for the period	-	-	-	(1,050)	(5,560)	-	(6,610)
<b>At 30 June 2017 (unaudited)</b>	<u>1,600</u>	<u>41,129</u>	<u>71,458</u>	<u>452</u>	<u>(30,971)</u>	<u>396</u>	<u>84,064</u>
<b>At 1 January 2016</b>	85	-	71,458	1,708	(16,603)	-	56,648
Loss for the period	-	-	-	-	(1,529)	-	(1,529)
Exchange difference on translation of financial statements of foreign operations	-	-	-	(219)	-	-	(219)
Other comprehensive income for the period	-	-	-	(219)	-	-	(219)
Total comprehensive income for the period	-	-	-	(219)	(1,529)	-	(1,748)
Issue of shares under placing (note 15(b))	400	49,600	-	-	-	-	50,000
Capitalisation issue (note 15(a))	1,115	(1,115)	-	-	-	-	-
Share issue expenses	-	(7,356)	-	-	-	-	(7,356)
<b>At 30 June 2016 (unaudited)</b>	<u>1,600</u>	<u>41,129</u>	<u>71,458</u>	<u>1,489</u>	<u>(18,132)</u>	<u>-</u>	<u>97,544</u>

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Net cash (used in)/generated from operating activities</b>	<b>(4,977)</b>	1,572
<b>Net cash used in investing activities</b>	<b>(4,836)</b>	(3,054)
<b>Net cash generated from financing activities</b>	<b>-</b>	42,644
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,813)</b>	41,162
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(1,119)</b>	(4)
<b>Cash and cash equivalents at beginning of period</b>	<b>76,209</b>	45,545
<b>Cash and cash equivalents at end of period</b>	<b>65,277</b>	86,703

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 1. CORPORATE INFORMATION

Gameone Holdings Limited was incorporated in Cayman Islands with limited liability under the Companies Law of Cayman Islands on 14 April 2010. The Company's registered office is located at PO Box 309, Uglan House, Grand Cayman, KY1-1104 Cayman Islands. The Company's principal place of business is located at Room 1808-9, 18/F, Two Chinachem Exchange Square, 388 King's Road, North Point, Hong Kong.

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

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

## 2. BASIS OF PREPARATION AND PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange. These condensed consolidated interim financial statements were authorised for issue on 14 August 2017.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2016 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017. Details of any changes in accounting policies are set out in note 3.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2016 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2016 annual financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

### **3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to HKAS 7, Disclosure Initiative
- Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Disclosure of Interests in Other Entities

#### **Amendments to HKAS 7, Disclosure Initiative**

Amendments to HKAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the Group’s annual financial statements. The Group is not required to provide the additional disclosures in these condensed consolidated interim financial statements.

#### **Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses**

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situation. The amendments clarify that an entity, when assessing whether taxable profit will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

#### **Amendments to HKFRS 12, Clarification of the scope of disclosure requirements in HKFRS 12**

The amendments clarify that the disclosure requirements of HKFRS 12, other than for those in paragraphs B10-B16, apply to an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5.

None of the above amendments that are effective for the first time for periods beginning on or after 1 January 2017 have a material effect on these condensed consolidated interim financial statements. The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

### **4. USE OF JUDGEMENTS AND ESTIMATES**

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2016 annual financial statements.

### **5. SEGMENT INFORMATION**

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment. During the period, executive directors regularly review revenue and operating results derived from development, operation, publishing and distribution of online and mobile games and consider as one single operating segment.

## 5. SEGMENT INFORMATION (CONTINUED)

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its country of domicile.

### Geographical information

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>By country/region</b>				
Hong Kong	10,827	18,560	25,740	42,324
Taiwan	2,035	2,196	4,220	3,802
Others	303	–	353	–
	<u>13,165</u>	<u>20,756</u>	<u>30,313</u>	<u>46,126</u>

### Information about major customers

There is no single customer contributed to 10% or more revenue to the Group's revenue for the period.

## 6. REVENUE AND OTHER INCOME

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

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Revenue</b>				
Game operation income	11,620	20,016	27,233	44,108
Game publishing income	1,472	493	2,867	1,464
Royalty income	12	–	23	–
License fee income	61	247	190	554
	<u>13,165</u>	<u>20,756</u>	<u>30,313</u>	<u>46,126</u>
<b>Other income</b>				
Interest income	3	3	5	5
Other income	82	1	125	19
	<u>85</u>	<u>4</u>	<u>130</u>	<u>24</u>
	<u>13,250</u>	<u>20,760</u>	<u>30,443</u>	<u>46,150</u>



## 7. LOSS BEFORE INCOME TAX

This is arrived at after charging the followings:

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Under cost of services rendered:</b>				
Amortisation of intangible assets (note 12)	828	2,061	2,097	4,233
Royalty expenses	2,120	4,231	4,552	9,455
<b>Under administrative expenses:</b>				
Operating lease charges	802	560	1,541	1,119
Listing expenses	-	-	-	816
Depreciation of property, plant and equipment (note 11):				
- Under cost of services rendered	348	315	705	619
- Under administrative expenses	309	17	545	38
	<u>657</u>	<u>332</u>	<u>1,250</u>	<u>657</u>
Staff costs excluding directors' remuneration:				
- Salaries and allowances	3,073	3,716	6,544	7,008
- Contributions on defined contribution retirement plan	272	283	546	568
- Discretionary bonuses	290	1,142	290	1,142
	<u>3,635</u>	<u>5,141</u>	<u>7,380</u>	<u>8,718</u>

## 8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current tax – Hong Kong Profits Tax				
- Tax expense/(credit) for the period	-	(170)	-	380
- Under-provision in prior periods	-	-	-	-
	-	(170)	-	380
Current tax – PRC Tax				
- Tax for the period	-	-	-	-
Deferred tax	-	-	-	-
Income tax expense	<u>-</u>	<u>(170)</u>	<u>-</u>	<u>380</u>

No Profits Tax for the Taiwan branch has been provided as the Taiwan branch has not generated any assessable profits in Taiwan for the period (2016: Nil).

No provision for Hong Kong Profit Tax was made as the Group has not generated any assessable profits in Hong Kong for the period (2016: HK\$380,000).

No provision for PRC Enterprise Income Tax was made as the Group has not generated any assessable profit in the PRC for the period (2016: Nil).

## **9. DIVIDENDS**

No dividends have been paid or declared by the Company or any of the subsidiaries during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## **10. LOSS PER SHARE**

The calculation of basic loss per share for periods in 2017, is based on the loss attributable to the owners of the Company and on the number of 160,000,000 ordinary shares in issue, being the number of shares of the Company as at 30 June 2017. Given that there was no movement in the number of ordinary shares in issue during the period, the weighted average number of shares used for the purpose of calculation of the basic loss per share is 160,000,000 for both three months ended 30 June 2017 and six months ended 30 June 2017.

For the periods in 2016, the calculation of basic loss per share is based on the loss attributable to the owners of the Company and on the basis of weighted average number of 160,000,000 ordinary shares in issue, being the number of shares of the Company after the completion of the Group reorganisation, capitalisation issue, and placing of shares upon the listing of the Company's shares on GEM of the Stock Exchange. The weighted average number of shares used for the purpose of calculation of the basic loss per share is 160,000,000 and 157,362,637 for the three months ended 30 June 2016 and six months ended 30 June 2016 respectively.

No diluted loss per share is calculated for the six months ended 30 June 2017 (2016: Nil) as there was no potential dilutive ordinary share in existence.

## **11. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2017, the Group spent approximately HK\$680,000 on acquisition of property, plant and equipment (six months ended 30 June 2016: approximately HK\$1,050,000).

## **12. INTANGIBLE ASSETS**

During the six months ended 30 June 2017, the Group spent approximately HK\$4,160,000 on acquisition of intangible assets (six months ended 30 June 2016: approximately HK\$2,012,000) and recorded an impairment loss on intangible assets amounted to approximately HK\$302,000 (six months ended 30 June 2016: approximately HK\$118,000).

### 13. TRADE RECEIVABLES

	<b>As at 30 June 2017 (Unaudited) HK\$'000</b>	As at 31 December 2016 (Audited) HK\$'000
Trade receivables	<b>5,233</b>	5,528

The Group normally allows credit period within 60 days to its trade debtors. At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis.

The ageing analysis of trade receivables (net of impairment losses), based on the month-end dates of the month in which the transactions completed, as of the end of the reporting period/year is as follows:

	<b>As at 30 June 2017 (Unaudited) HK\$'000</b>	As at 31 December 2016 (Audited) HK\$'000
Not more than 30 days	<b>3,741</b>	5,109
30-60 days	<b>1,331</b>	275
Over 60 days	<b>161</b>	144
	<b>5,233</b>	5,528

### 14. TRADE PAYABLES

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

### 15. SHARE CAPITAL

#### Authorised share capital

As at 31 December 2016 and 30 June 2017, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.01 each.

#### Issued and fully paid

	<b>2017 Number</b>	<b>As at 30 June 2017 HK\$'000</b>	2016 Number	As at 31 December 2016 HK\$'000
Ordinary shares				
At beginning of period/year	<b>160,000,000</b>	<b>1,600</b>	8,534,007	85
Capitalisation issue (Note (a))	-	-	111,465,993	1,115
Issued shares under placing (Note (b))	-	-	40,000,000	400
At ending of period/year	<b>160,000,000</b>	<b>1,600</b>	160,000,000	1,600

Notes:

- (a) Pursuant to the written resolution of the shareholders passed on 23 December 2015, the directors were authorised to capitalise the amount of approximately HK\$1,114,660 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 111,465,993 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 13 January 2016, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (b) On 13 January 2016, the Company issued 40,000,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK\$1.25 per share.

## 16. RELATED PARTY TRANSACTION

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following significant related party transaction during the period.

Compensation of key management personnel

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Total remuneration of directors and other members of key management during the period was as follows:				
Fees, salaries and staff welfare benefits and discretionary bonus (short term employee benefits)	3,254	3,724	4,370	4,857
Defined contribution plans (post employment benefits)	31	31	62	63
	<u>3,285</u>	<u>3,755</u>	<u>4,432</u>	<u>4,920</u>

## 17. OPERATING LEASE COMMITMENTS

Future minimum lease payments under non-cancellable operating leases in respect of rented premises are payable as follows:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within one year	3,360	2,814
In the second to fifth years	1,201	1,860
	<u>4,561</u>	<u>4,674</u>

The Group leased certain premises under operating leases. The leases run for an initial period of two to three years, with an option to renew the lease terms at the expiry dates or at dates mutually agreed between the Group and the respective landlords. None of the leases include contingent rentals.

## 18. CAPITAL COMMITMENTS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Contracted but not provided for – Acquisition of intangible assets	<u>2,211</u>	<u>7,154</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

We are an integrated game developer, operator and publisher focusing in the market of Hong Kong and Taiwan. We operate and publish our self/co-developed and licensed games in Hong Kong and Taiwan primarily through our game distribution platforms as well as other third-party distribution platforms. We collect payments from players either through our own game platform, third-party distribution platforms such as Apple Store and Google Play, or third-party payment vendors, which include convenience stores selling pre-paid game cards/vouchers. We consider such integration of upstream and downstream services in the value chain of the game industry has provided us with a better market position.

For the six months ended 30 June 2017, the Group recorded a net loss of approximately HK\$5.6 million as compared to a net loss of approximately HK\$1.5 million for the same period in 2016. The Directors are of the view that the downturn experienced by the Group during this half year was due to a tougher competitive condition in the mobile game industry faced by the Group in Hong Kong and Taiwan. In view of the expected game launch date and in order to increase our competition in mobile game market in Hong Kong and Taiwan, the board of Directors (the "Board") will closely monitor the performance of the Group and the Group will continue to pursue the key business strategies to expand game portfolio through introducing more high-quality licensed games with a focus on mobile games and consolidate market position and enhance marketing efforts.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately 34.3% from approximately HK\$46.1 million for the six months ended 30 June 2016 to approximately HK\$30.3 million for the six months ended 30 June 2017, primarily attributable to approximately HK\$13.3 million decrease in our game operation income from our licensed mobile games namely Demi Gods and Semi Devils 3D (天龍八部3D) and Age of Wu Shu (Mobile) (九陰真經手機版).

### Cost of services rendered

The Group's cost of services rendered for the six months ended 30 June 2017 was approximately HK\$18.6 million, representing a decrease of approximately 37.6% from approximately HK\$29.8 million for the corresponding period in 2016, primarily attributable to the combined effect of (i) an approximately HK\$3.1 million decrease in channel fees; (ii) an approximately HK\$4.9 million decrease in royalty expenses primarily resulted from a decrease in our game operation income from our licensed games for the six months ended 30 June 2017; and (iii) an approximately HK\$2.1 million decrease in amortization of our intangible assets during the six months ended 30 June 2017.

### Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2017 was approximately HK\$11.7 million, representing a decrease of approximately 28.2% from approximately HK\$16.3 million for the six months ended 30 June 2016, primarily due to a decrease in our game operation income from our licensed mobile games. The Group's gross profit margin for the six months ended 30 June 2017 was approximately 38.6%, representing slightly increase of approximately 3.2 percentage points compared to approximately 35.4% for the six months ended 30 June 2016. The increase in the Group's gross profit margin was primarily due to the decreased in amortization of our intangible assets.

### Selling expenses

The Group's selling expenses for the six months ended 30 June 2017 were approximately HK\$6.7 million, representing an increase of approximately 4.7% from approximately HK\$6.4 million for the corresponding period in 2016, primarily attributable to an increase in promotion and advertising expenses for the new self/co-developed mobile game, Warlocks Z (魔法軍團Z), which was launched in the first quarter of 2017.

### Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2017 were approximately HK\$10.4 million, representing a slightly decrease of approximately HK\$0.5 million from approximately HK\$10.9 million for the six months ended 30 June 2016.

## Loss for the period

The Group recorded a loss for the six months ended 30 June 2017 of approximately HK\$5.6 million as compared with a loss of approximately HK\$1.5 million for the corresponding period in 2016, primarily attributable to the combined effect of (i) an approximately HK\$4.6 million decrease in the gross profit for six months ended 30 June 2017 primarily attributable to a decrease in the Group's revenue contributed by the Group's game operation income from the Group's licensed mobile games; and (ii) an increase in promotion and advertising expenses for the new self/co-developed mobile game, Warlocks Z (魔法軍團Z), which was launched in the first quarter of 2017.

## Comparison between Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Company's prospectus (the "Prospectus") dated 13 January 2016 with actual business progress for the six months ended 30 June 2017.

### Business objectives

Expand our game portfolio through introducing more high-quality licensed games with a focus on mobile games – securing additional licensed games

Continue to secure development rights for popular literatures, comics and animations

Consolidate our market position and enhance our marketing efforts – marketing and promotion of our existing licensed games and self/co-developed games

Enhance our game development capacity and increase the investment in game technology to increase the number of self-developed games

### Actual business progress up to 30 June 2017

We had settled the fee payables to secure the license mobile games of Line Walker (使徒行者).

We had settled the fee payables to secure the license mobile games Jagged Martial Arts II (鐵血武林II).

We had settled the fee payables to secure the development rights for the mobile games "The King of Fighters" (KOF'95, KOF'96 and KOF'97) and "Licensed Oriental Heroes AR" (正牌龍虎門AR).

We have increased the spending on promotion of Warlocks Z (魔法軍團Z).

We have developed a number of self-developed games such as Licensed Oriental Heroes AR (正牌龍虎門AR) and "The King of Fighters" (KOF'95, KOF'96 and KOF'97).

As at the date of this announcement, the Directors do not anticipate any material change to the above intention.

## USE OF PROCEEDS FROM PLACING

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 13 January 2016 through a placement of 40,000,000 shares of HK\$0.01 each in the share capital of the Group at the price of HK\$1.25 per share, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, were approximately HK\$25.6 million. The future operation plans of the Group are as follows:

	Intended use of proceeds from the Listing as described in the Prospectus				Actual use of proceeds	
	From the Listing Date to 30 June 2016 (HK\$ Million)	For the six months ended 31 December 2016 (HK\$ Million)	For the six months ended 30 June 2017 (HK\$ Million)	For the six months ending 31 December 2017 (HK\$ Million)	Total (HK\$ Million)	Up to 30 June 2017 (HK\$ Million)
Proceeds from the Listing						
- Securing additional licensed mobile games	2.0	2.0	2.0	2.03	8.03	4.2
- Continue to secure development rights for popular literatures, comics and animations	1.0	1.0	1.0	1.34	4.34	3.0
- Identifying business partners to produce game-related merchandise	0.2	-	0.2	-	0.4	0.2
- Acquisition of additional computer and related hardware and game design software	-	0.4	-	0.4	0.8	0.4
- Marketing and promotion of our existing licensed games and self/co-developed games	1.5	1.5	1.5	2.33	6.83	4.5
- Pursue strategic alliances and acquisition opportunities	0.7	0.7	0.7	0.63	2.73	0.1
- Working capital and other general corporate purposes	0.6	0.6	0.6	0.67	2.47	1.8
<b>Total</b>	<b>6.0</b>	<b>6.2</b>	<b>6.0</b>	<b>7.4</b>	<b>25.6</b>	<b>14.2</b>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

## CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on the Listing Date. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this announcement.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During the six months ended 30 June 2017, we did not have any bank borrowings. As at 30 June 2017, we had cash and cash equivalents of approximately HK\$65.3 million (31 December 2016: approximately HK\$76.2 million), which were cash at banks and on hand. No banking facility has been arranged by our Group during the six months ended 30 June 2017.

Our primary uses of cash have been and are expected to continue to be operating costs and capital expenditure.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed herein, there was no material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 June 2017.

## SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 June 2017, there was no significant investment held by the Group.

## **FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group does not have any concrete plan for material investments or capital assets as at 30 June 2017.

## **FOREIGN EXCHANGE EXPOSURE**

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposures to currency risk arise mainly from its overseas income or payment on royalty and license fee, which are primarily denominated in US dollar, Japanese Yen or Renminbi. These are not the functional currencies of our principal subsidiaries to which these transactions related. We currently do not have a foreign currency hedging policy. However, we monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## **TREASURY POLICIES**

The Group adopts a conservative approach towards its treasury policies. We monitor our trade receivables on an ongoing basis and only trade with creditworthy parties. We consider the credit risk on liquid funds as low because the counterparties are major banks with high credit ratings. We are subject to concentration of credit risk since majority of our trade receivables are due from a limited number of trade debtors which were primarily the third-party game distribution platforms and payment channels. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement.

## **CHARGE ON GROUP ASSETS**

As at 30 June 2017, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (30 June 2016: Nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group did not have any significant contingent liabilities (30 June 2016: Nil).

## **COMMITMENTS**

Our contract commitments mainly involve leases of office properties and acquisition of intangible assets. As at 30 June 2017, the Group's operating leases were approximately HK\$4.6 million (31 December 2016: approximately HK\$4.7 million) and capital commitments for acquisition of intangible assets were approximately HK\$2.2 million (31 December 2016: approximately HK\$7.2 million).

## **SEGMENT INFORMATION**

The analysis of the principal activities of the operations of the Group is set out in note 5 to the Condensed Consolidated Financial Statements.

## **INFORMATION ON EMPLOYEES**

As at 30 June, the Group had 78 employees (30 June 2016: 82) working in Hong Kong, Taiwan and PRC. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration, allowances and mandatory provident funds contributions of the Directors) for the six months ended 30 June 2017 amounted to approximately HK\$10.4 million (30 June 2016: approximately HK\$11.8 million). The dedication and hard work of the Group's staff during the six months ended 30 June 2017 are generally appreciated and recognized.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).



## OTHER INFORMATION

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

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Long position in shares and underlying shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Total number of shares of the Company	Approximate percentage of shareholding
Ms. Wong Pui Yain ( <i>note 1</i> )	Interest of controlled corporation	66,787,235	41.74%
Mr. Sze Yan Ngai (Chairman) ( <i>note 2</i> )	Interest of controlled corporation/ Beneficial owner/Interest of spouse	29,212,337	18.26%

#### Notes:

- (1) Ms. Wong Pui Yain ("Ms. Wong") holds 50% of the issued share capital of PC Asia Limited ("PC Asia"), which directly holds 99% and indirectly holds 1%, through PC Asia Nominees Limited ("PC Asia Nominees"), of the issued share capital of PC Investment Limited ("PCIL"). By virtue of the SFO, Ms. Wong is deemed to be interested in the 66,787,235 Shares in which PCIL is interested.
- (2) Mr. Sze Yan Ngai ("Mr. Sze") and Ms. Chan Lai Chu ("Mrs. Sze") hold 50% of the issued share capital of Right One Global Limited ("Right One") respectively, which holds 29,204,337 Shares. In addition, Mrs. Sze hold 8,000 Shares of the Company. Mrs. Sze is the spouse of Mr. Sze. By virtue of the SFO, Mr. Sze is deemed to be interested in the Shares in which Right One and Mrs. Sze are interested.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as is known to the Directors or chief executives of the Company, as at 30 June 2017, the following persons (other than Directors or chief executives of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### **Long positions in ordinary shares of the Company**

<b>Name of shareholders</b>	<b>Nature of interest</b>	<b>Number of shares or securities of the Company held</b>	<b>Approximate percentage of interest in our Company</b>
Mr. Wong Kiam Seng ( <i>note 1</i> )	Interest of controlled corporation	66,787,235	41.74%
PC Investment Limited ( <i>note 2</i> )	Beneficial owner	66,787,235	41.74%
PC Asia Limited ( <i>note 2</i> )	Interest of controlled corporation	66,787,235	41.74%
Mrs. Sze ( <i>note 3</i> )	Interest of controlled corporation/ Beneficial owner/Interest of spouse	29,212,337	18.26%
Right One Global Limited ( <i>note 4</i> )	Beneficial owner	29,204,337	18.25%
Nineyou International Limited ( <i>note 5</i> )	Beneficial owner	18,367,182	11.48%
New Horizon Capital, L.P. ( <i>note 5</i> )	Interest of controlled corporation	18,367,182	11.48%
Heartland Investment Limited ( <i>note 5</i> )	Interest of controlled corporation	18,367,182	11.48%

#### *Notes:*

- (1) PC Asia is beneficially owned by Ms. Wong as to 50% and Mr. Wong Kiam Seng ("Mr. Wong") as to 50%. Mr. Wong is the father of Ms. Wong.
- (2) PCIL is beneficially owned by PC Asia as to 99% and PC Asia Nominees as to 1%. PC Asia Nominees is beneficially owned by PC Asia.
- (3) Mr. Sze and Mrs. Sze hold 50% of the issued share capital of Right One respectively, which holds 29,204,337 Shares. In addition, Mrs. Sze hold 8,000 Shares of the Company. Mrs. Sze is the spouse of Mr. Sze. By virtue of the SFO, Mrs. Sze is deemed to be interested in the Shares in which Right One and Mr. Sze are interested.
- (4) Right One is beneficially owned by Mr. Sze as to 50% and Mrs. Sze as to 50%.
- (5) Based on the information provided by Nineyou International Limited ("NYIL"), NYIL is beneficially owned by Heartland Investment Limited as to approximately 44.44%, Wollerton Investments Pte. Ltd. as to approximately 18.96%, Fair Gold International Limited as to approximately 15.61%, Everstar Overseas Holding Ltd. as to approximately 10.04%, Star Fortune Overseas Holding Limited as to approximately 8.0% and Hongxin International Holdings Limited as to approximately 2.95%, all of whom are independent third parties. Wollerton Investments Pte. Ltd. is owned as to approximately 82.36% by Heartland Investment Limited. Heartland Investment Limited is wholly owned by New Horizon Capital, L.P. which is also an independent third party.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2017, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during the six months ended 30 June 2017.

## **CORPORATE GOVERNANCE PRACTICE**

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 to the GEM Listing Rules. Throughout 1 January 2017 to 30 June 2017 (the "Period"), to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "Code of Conduct"). Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the required standard of dealings and the Code of Conduct and there was no event of noncompliance throughout the Period.

## **SHARE OPTION SCHEME**

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

For the six months ended 30 June 2017, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

## **INTERESTS OF THE COMPLIANCE ADVISOR**

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

## **UPDATED BIOGRAPHICAL DETAILS OF DIRECTORS**

According to Rule 17.50A(1) of the GEM Listing Rules, the information of the following directors were updated:

### **Independent non-executive directors**

Mr. Yung Kai Tai, an independent non-executive Director, has been appointed as an independent non-executive director of Future Data Group Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8229), on 15 June 2017.

Mr. Lu Tak Meng Teddy, an independent non-executive Director, has been appointed as an independent non-executive director of Basetrophy Group Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8460), on 7 June 2017.

### **AUDIT COMMITTEE**

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

The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2017 with the management and is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 14 August 2017

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

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Information" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at [www.gameone.com.hk](http://www.gameone.com.hk).*