



Gameone Holdings Limited

智傲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8282

2020

Interim Report



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—亂世英雄—

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*This report, for which the directors (the “**Directors**”) of Gameone Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report 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 report misleading.*

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Sze Yan Ngai (Chairman)  
Mr. Lam Kin Fai (Chief executive officer)

### Non-executive Director

Ms. Wong Pui Yain

### Independent Non-executive Directors

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

## BOARD COMMITTEES

### Audit Committee

Mr. Lu Tak Meng Teddy (Chairman)  
Dr. Fung Ying Him Anthony  
Mr. Yung Kai Tai

### Remuneration Committee

Mr. Yung Kai Tai (Chairman)  
Dr. Fung Ying Him Anthony  
Mr. Lu Tak Meng Teddy

### Nomination Committee

Mr. Sze Yan Ngai (Chairman)  
Mr. Yung Kai Tai  
Dr. Fung Ying Him Anthony  
Mr. Lu Tak Meng Teddy

## AUDITORS

BDO Limited  
Certified Public Accountants  
25th Floor, Wing On Centre  
111 Connaught Road Central, Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## COMPANY SECRETARY

Ms. Ng Hoi Ying

## AUTHORISED REPRESENTATIVES

Mr. Lam Kin Fai  
Ms. Ng Hoi Ying

## COMPLIANCE OFFICER

Mr. Sze Yan Ngai

## 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

## LEGAL ADVISORS AS TO HONG KONG LAWS

Bird & Bird  
6/F, The Annex, Central Plaza  
18 Harbour Road  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman KY1-1102  
Cayman Islands

## PRINCIPAL BANKS

Hang Seng Bank  
The Shanghai Commercial & Saving Bank, Ltd.

## GEM STOCK CODE

8282

## COMPANY WEBSITE

[www.gameone.com.hk](http://www.gameone.com.hk)

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

For the three months and six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Revenue</b>	5	<b>11,344</b>	21,571	<b>24,158</b>	44,357
Cost of services rendered		<b>(9,340)</b>	(14,737)	<b>(19,881)</b>	(30,346)
<b>Gross profit</b>		<b>2,004</b>	6,834	<b>4,277</b>	14,011
Other income	5	<b>111</b>	125	<b>238</b>	229
Selling expenses		<b>(1,618)</b>	(3,700)	<b>(4,329)</b>	(8,460)
Administrative expenses		<b>(2,432)</b>	(3,006)	<b>(5,976)</b>	(6,996)
Other expenses		<b>-</b>	(38)	<b>-</b>	(38)
Finance cost		<b>(10)</b>	(71)	<b>(25)</b>	(71)
<b>(Loss)/profit before income tax</b>	6	<b>(1,945)</b>	144	<b>(5,815)</b>	(1,325)
Income tax expense	7	<b>-</b>	-	<b>-</b>	-
<b>(Loss)/profit for the period</b>		<b>(1,945)</b>	144	<b>(5,815)</b>	(1,325)
<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>(429)</b>	132	<b>(188)</b>	289
<b>Other comprehensive income for the period</b>		<b>(429)</b>	132	<b>(188)</b>	289
<b>Total comprehensive income for the period</b>		<b>(2,374)</b>	276	<b>(6,003)</b>	(1,036)
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the Company		<b>(1,945)</b>	244	<b>(5,815)</b>	(1,225)
Non-controlling interests		<b>-</b>	(100)	<b>-</b>	(100)
		<b>(1,945)</b>	144	<b>(5,815)</b>	(1,325)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>(2,374)</b>	376	<b>(6,003)</b>	(936)
Non-controlling interests		<b>-</b>	(100)	<b>-</b>	(100)
		<b>(2,374)</b>	276	<b>(6,003)</b>	(1,036)
<b>(Loss)/earnings per share</b>					
- Basic and Diluted	8	<b>(0.01)</b>	0.01	<b>(0.04)</b>	(0.01)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	230	653
Intangible assets	11	4,802	4,850
Right of use assets		410	1,302
		<u>5,442</u>	<u>6,805</u>
<b>Current assets</b>			
Trade receivables	12	3,955	3,127
Prepayments, deposits and other receivables		8,277	7,548
Cash at banks and on hand		38,110	44,981
		<u>50,342</u>	<u>55,656</u>
<b>Current liabilities</b>			
Trade payables	13	1,896	2,038
Accrued expenses and other payables		3,136	5,346
Contract liabilities		11,125	8,535
Lease liabilities		416	1,328
Tax payable		77	77
		<u>16,650</u>	<u>17,324</u>
<b>Net current assets</b>		<u>33,692</u>	<u>38,332</u>
<b>Total assets less current liabilities</b>		<u>39,134</u>	<u>45,137</u>
<b>Non-current liability</b>			
Deferred taxation		–	–
<b>Net assets</b>		<u>39,134</u>	<u>45,137</u>
<b>EQUITY</b>			
Share capital	14	1,600	1,600
Reserves		37,534	43,537
Equity attributable to the Company's owners		<u>39,134</u>	<u>45,137</u>
<b>Non-controlling interests</b>		–	–
<b>Total equity</b>		<u>39,134</u>	<u>45,137</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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 2020</b>	<b>1,600</b>	<b>41,129</b>	<b>71,458</b>	<b>267</b>	<b>(69,317)</b>	<b>-</b>	<b>45,137</b>
Loss for the period	-	-	-	-	(5,815)	-	(5,815)
Exchange difference on translation of financial statements of foreign operations	-	-	-	(188)	-	-	(188)
Other comprehensive income for the period	-	-	-	(188)	-	-	(188)
Total comprehensive income for the period	-	-	-	(188)	(5,815)	-	(6,003)
<b>At 30 June 2020 (unaudited)</b>	<b>1,600</b>	<b>41,129</b>	<b>71,458</b>	<b>79</b>	<b>(75,132)</b>	<b>-</b>	<b>39,134</b>
<b>At 1 January 2019</b>	1,600	41,129	71,458	523	(67,454)	100	47,356
Loss for the period	-	-	-	-	(1,225)	(100)	(1,325)
Exchange difference on translation of financial statements of foreign operations	-	-	-	289	-	-	289
Other comprehensive income for the period	-	-	-	289	-	-	289
Total comprehensive income for the period	-	-	-	289	(1,225)	(100)	(1,036)
<b>At 30 June 2019 (unaudited)</b>	<b>1,600</b>	<b>41,129</b>	<b>71,458</b>	<b>812</b>	<b>(68,679)</b>	<b>-</b>	<b>46,320</b>

\* 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 2020

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash used in operating activities	(4,446)	(300)
Net cash used in investing activities	(1,300)	(375)
Net cash used in financing activities	(937)	(949)
Net decrease in cash and cash equivalents	(6,683)	(1,624)
Effects of exchange rate changes on cash and cash equivalents	(188)	293
Cash and cash equivalents at beginning of period	44,981	45,684
Cash and cash equivalents at end of period	<u>38,110</u>	<u>44,353</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

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

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (collectively, the "**Group**") are engaged in development, operation, publishing and distribution of online and mobile games in Hong Kong and Taiwan.

## 2. BASIS OF PREPARATION AND PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure required by the GEM Listing Rules and by the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong).

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2020 are consistent with those adopted in the Group's audited annual report dated 27 March 2020 (the "**2019 Annual Report**"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the six months ended 30 June 2020 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the six months ended 30 June 2020.

The preparation of these condensed consolidated interim financial statements 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. 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 2019 Annual Report.

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 2019 Annual Report. 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 HKFRSs and should be read in conjunction with the 2019 Annual Report.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 3. CHANGES IN HKFRSs

### Application of new and amendments and interpretation to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments and interpretation to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment. During the 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. The game operation income and licence fee income are recognised over time while the game publishing income is recognised at a point in time.

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

### Geographical information

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>By country/region</b>				
Hong Kong	9,989	19,228	21,033	39,144
Taiwan	1,205	2,256	2,867	5,029
Others	150	87	258	184
	<b>11,344</b>	<b>21,571</b>	<b>24,158</b>	<b>44,357</b>

### Information about major customers

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 5. REVENUE AND OTHER INCOME

Disaggregation of revenue from contracts with customers by type categories and other income are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Revenue from contracts with customer within the scope of HKFRS 15:</b>				
Game operation income	10,950	21,201	23,455	43,750
Game publishing income	172	190	373	279
Royalty income	38	22	58	108
License fee income	184	158	272	220
	<b>11,344</b>	21,571	<b>24,158</b>	44,357
<b>Other income</b>				
Interest income	97	84	224	177
Other income	14	41	14	52
	<b>111</b>	125	<b>238</b>	229
	<b>11,455</b>	21,696	<b>24,396</b>	44,586

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 6. (LOSS)/PROFIT BEFORE INCOMETAX

This is arrived at after charging the followings:

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Amortisation of intangible assets	678	1,210	1,565	2,634
Royalty expenses	2,722	4,437	5,647	9,166
Depreciation of property, plant and equipment				
– Under cost of services rendered	126	213	259	458
– Under administrative expenses	82	156	171	314
	<b>208</b>	<b>369</b>	<b>430</b>	<b>772</b>
Depreciation of right of use assets	446	903	892	903
Impairment of inventories	–	22	–	22
Finance cost	10	71	25	71
Written off of prepayments	–	38	–	38
Staff costs excluding directors' remuneration:				
– Salaries and allowances	3,248	3,337	6,490	6,366
– Contributions on defined contribution retirement plan	170	238	321	512
– Discretionary bonuses	–	–	–	–
	<b>3,418</b>	<b>3,575</b>	<b>6,811</b>	<b>6,878</b>

## 7. INCOME TAX EXPENSE

No Profits Tax for the Taiwan branch has been provided as the Taiwan branch has not generated any tax assessable profits in Taiwan for the period (2019: Nil).

No provision for Hong Kong Profits Tax was made as the Group has not generated any assessable profits in Hong Kong for the period (2019: Nil).

No provision for PRC Enterprise Income Tax was made as the Group has not generated any tax assessable profits in the People's Republic of China (the "PRC") for the period (2019: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 8. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for periods in 2020, is based on the (loss)/profit attributable to the owners of the Company and on the number of 160,000,000 ordinary shares (six months ended 30 June 2019: 160,000,000 ordinary shares) in issue, being the number of shares of the Company as at 30 June 2020. 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)/earnings per share is 160,000,000 for both three months ended 30 June 2020 and six months ended 30 June 2020 (three months ended 30 June 2019 and six months ended 30 June 2019: 160,000,000 ordinary shares).

No diluted (loss)/earnings per share is calculated for the six months ended 30 June 2020 (2019: Nil) as there was no potential dilutive ordinary share in existence.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group spent approximately HK\$7,000 on acquisition of property, plant and equipment (six months ended 30 June 2019: approximately HK\$76,000).

## 11. INTANGIBLE ASSETS

During the six months ended 30 June 2020, the Group spent approximately HK\$1,517,000 on acquisition of intangible assets (six months ended 30 June 2019: approximately HK\$476,000) and no impairment loss on intangible assets has been provided (six months ended 30 June 2019: Nil).

## 12. TRADE RECEIVABLES

	<b>As at 30 June 2020 (Unaudited) HK\$'000</b>	As at 31 December 2019 (Audited) HK\$'000
Trade receivables	<b>3,955</b>	3,127

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 12. TRADE RECEIVABLES – Continued

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

	<b>As at 30 June 2020 (Unaudited) HK\$'000</b>	As at 31 December 2019 (Audited) HK\$'000
Not more than 30 days	<b>2,680</b>	2,950
30-60 days	<b>1,262</b>	153
Over 60 days	<b>13</b>	24
	<b><u>3,955</u></b>	<u>3,127</u>

## 13. TRADE PAYABLES

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

## 14. SHARE CAPITAL

### Authorised share capital

As at 31 December 2019 and 30 June 2020, 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

	Number	HK\$'000
Ordinary shares As at 31 December 2019 and 30 June 2020	<u>160,000,000</u>	<u>1,600</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (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)	952	913	2,866	2,796
Defined contribution plans (post employment benefits)	27	27	54	54
	<b>979</b>	940	<b>2,920</b>	2,850

## 16. CAPITAL COMMITMENTS

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Contracted but not provided for		
– Acquisition of intangible assets	<b>1,571</b>	1,022

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

We are an integrated game developer, operator and publisher focusing on the market of Hong Kong and Taiwan. We operate and publish our self/co-developed and licensed games in Hong Kong and Taiwan primarily through our game distribution platforms as well as other third-party distribution platforms. We collect payments from players either through our own game platform, third-party distribution platforms such as Apple Store and Google Play, or third-party payment vendors, which include convenience stores selling prepaid 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 2020, the Group recorded a net loss of approximately HK\$5.8 million while it was approximately HK\$1.3 million for the same period in 2019. In view of the expected game launch date and in order to increase the Group's competitiveness in mobile game market in Hong Kong and Taiwan, the Board will closely monitor the performance of the Group and the Group will continue to pursue the key business strategies to expand its game portfolio through introducing more high-quality licensed games with a focus on mobile games, to consolidate market position and to enhance marketing efforts.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately 45.5% from approximately HK\$44.4 million for the six months ended 30 June 2019 to approximately HK\$24.2 million for the six months ended 30 June 2020, primarily attributable to the decrease in the Group's game operation income of licensed games and self/co-developed games.

### Cost of services rendered

The Group's cost of services rendered for the six months ended 30 June 2020 was approximately HK\$19.9 million, representing decrease of approximately 34.3% from approximately HK\$30.3 million for the corresponding period in 2019, primarily attributable to the combined effect of (i) an approximately HK\$5.6 million decrease in channel fees; (ii) an approximately HK\$3.6 million decrease in royalty expenses primarily resulted from a decrease in the Group's game operation income from licensed games for the six months ended 30 June 2020; and (iii) a HK\$1.0 million decrease in amortization of the Group's intangible assets during the six months ended 30 June 2020.

### Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2020 was approximately HK\$4.3 million, representing a decrease of approximately 69.3% from approximately HK\$14.0 million for the six months ended 30 June 2019, primarily due to a decrease in the Group's game operation income from the licensed mobile games and self/co-developed games.

The Group's gross profit margin for the six months ended 30 June 2020 was approximately 17.8%, representing a decrease of approximately 13.7 percentage points compared to approximately 31.5% for the six months ended 30 June 2019.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Selling expenses

The Group's selling expenses for the six months ended 30 June 2020 were approximately HK\$4.3 million, representing a decrease of approximately 49.4% from approximately HK\$8.5 million for the corresponding period in 2019, primarily attributable to a decrease in promotion and advertising expenses.

## Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2020 were approximately HK\$6.0 million, representing a decrease of approximately 14.3% from approximately HK\$7.0 million for the corresponding period in 2019, primarily attributable a decrease in legal and professional fees during the six months ended 30 June 2020.

## Loss for the period

The Group recorded a loss for the six months ended 30 June 2020 of approximately HK\$5.8 million as compared with a loss of approximately HK\$1.3 million for the corresponding period in 2019, primarily attributable to the combined effect of (i) an approximately HK\$9.7 million decrease in the gross profit for the six months ended 30 June 2020 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 self/co-developed games; and (ii) an approximately HK\$4.2 million decrease in promotion and advertising expenses for the Group's games.

## 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 report.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During the six months ended 30 June 2020, we did not have any bank borrowings. As at 30 June 2020, we had cash and cash equivalents of approximately HK\$38.1 million (31 December 2019: approximately HK\$45.0 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 2020.

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, ASSOCIATED COMPANIES AND JOINT VENTURES

Save as disclosed herein, there was no material acquisition and disposal of subsidiaries, associated companies and joint ventures by the Company during the six months ended 30 June 2020.

## SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 June 2020, there was no significant investment held by the Group.

## FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets as at 30 June 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2020, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (30 June 2019: Nil).

## CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (30 June 2019: Nil).

## COMMITMENTS

As at 30 June 2020, the Group's capital commitments for acquisition of intangible assets were approximately HK\$1.6 million (31 December 2019: approximately HK\$1.0 million).

## SEGMENT INFORMATION

The analysis of the principal activities of the operations of the Group is set out in note 4 to the condensed consolidated financial statements.

## INFORMATION ON EMPLOYEES

As at 30 June 2020, the Group had 53 employees (30 June 2019: 66) working in Hong Kong, the PRC and Taiwan. 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. Various types of trainings were provided to the employees.

The total staff cost (including remuneration, allowances and mandatory provident funds contributions of the Directors) for the six months ended 30 June 2020 amounted to approximately HK\$8.8 million (30 June 2019: approximately HK\$9.7 million). The dedication and hard work of the Group's staff during the six months ended 30 June 2020 are generally appreciated and recognised.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## OTHER INFORMATION

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

As at 30 June 2020, 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 (the "SFO")) which were required 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, were as follows:

#### Long positions in ordinary shares and underlying shares of the Company

Name of Director/chief executive	Capacity/Nature of interest	Total number of Shares	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/ Interest of spouse	29,004,337	18.13%

#### Notes:

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

Save as disclosed above, as at 30 June 2020, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 2020, 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 and underlying shares of the Company

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

#### Notes:

- (1) PC Asia is beneficially owned by Ms. Wong as to 50% and Mr. Wong Kiam Seng ("**Mr. Wong**") as to 50%. Mr. Wong is the father of Ms. Wong.
- (2) PCIL is beneficially owned by PC Asia as to 99% and PC Asia Nominees as to 1%. PC Asia Nominees is beneficially owned by PC Asia.
- (3) Mr. Sze and Mrs. Sze hold 50% of the issued share capital of Right One respectively, which holds 29,004,337 Shares. Mrs. Sze is the spouse of Mr. Sze. By virtue of the SFO, Mrs. Sze is deemed to be interested in the Shares in which Right One and Mr. Sze are interested.
- (4) Right One is beneficially owned by Mr. Sze as to 50% and Mrs. Sze as to 50%.
- (5) Based on the information provided by Nineyou International Limited ("**NYIL**"), NYIL is beneficially owned by Heartland Investment Limited as to approximately 44.44%, Wollerton Investments Pte. Ltd. as to approximately 18.96%, Fair Gold International Limited as to approximately 15.61%, Everstar Overseas Holding Ltd. as to approximately 10.04%, Star Fortune Overseas Holding Limited as to approximately 8.0% and Hongxin International Holdings Limited as to approximately 2.95%, all of whom are independent third parties. Wollerton Investments Pte. Ltd. is owned as to approximately 82.36% by Heartland Investment Limited. Heartland Investment Limited is wholly owned by New Horizon Capital, L.P. which is also an independent third party.

## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, as at 30 June 2020, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section headed “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debenture of the Company” above, had or were deemed to have 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 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.

### GEARING RATIO

As at 30 June 2020, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was approximately 29.8% (31 December 2019: approximately 27.7%).

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

During the six months ended 30 June 2020, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

### MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisitions or disposals during the six months ended 30 June 2020.

### COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or any of its respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group during the six months ended 30 June 2020.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct regarding Directors securities transactions in securities of the Company (the “**Required Standard of Dealing**”). Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and there was no event of non-compliance throughout the period under review.

### CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code during the six months ended 30 June 2020 and up to the date of this report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) conditionally adopted by the Company was approved by the shareholders on 23 December 2015.

The Scheme became effective for a period of 10 years commencing on the listing date of the Company. Under the Scheme, the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a share. An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as Board may specify in writing). HK\$1 is payable by the grantee to Company on acceptance of the option offer.

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Scheme, a period of 10 years from the date of the granting of the option).

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue immediately following the completion of the Capitalization Issue and the Placing as defined under the prospectus of the Company dated 31 December 2015. Options lapsed in accordance with the terms of the Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

For the six months ended 30 June 2020, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Scheme.

# MANAGEMENT DISCUSSION AND ANALYSIS

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established by the Board on 23 December 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the Code. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website. 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 Company has complied with Rule 5.28 of GEM Listing Rules in that at least one of members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2020 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.

## EVENTS AFTER THE END OF REPORTING PERIOD

There are no significant events affecting the Group after the reporting period and up to the date of this report.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement and the interim report are published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.gameone.com.hk](http://www.gameone.com.hk). The interim report of the Company for the six months ended 30 June 2020 will be dispatched to the shareholders of the Company. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, free of charge, at any time by writing to the Company or the Company’s registrar, Tricor Investor Services Limited.

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

Hong Kong, 6 August 2020

*As at the date of this report, 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.*