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## GAMEONE HOLDINGS LIMITED

智傲控股有限公司

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

**(Stock Code: 8282)**

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

#### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “Directors”) of Gameone Holdings Limited (the “Company”) 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 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.*

## INTERIM RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

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

For the three months and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Revenue</b>	6	<b>21,571</b>	22,959	<b>44,357</b>	59,148
Cost of services rendered		<b>(14,737)</b>	(23,900)	<b>(30,346)</b>	(47,953)
<b>Gross profit/(loss)</b>		<b>6,834</b>	(941)	<b>14,011</b>	11,195
Other income	6	<b>125</b>	85	<b>229</b>	129
Selling expenses		<b>(3,700)</b>	(4,043)	<b>(8,460)</b>	(8,070)
Administrative expenses		<b>(3,006)</b>	(3,529)	<b>(6,996)</b>	(9,319)
Other expenses		<b>(38)</b>	–	<b>(38)</b>	–
Finance cost		<b>(71)</b>	–	<b>(71)</b>	–
<b>(Loss)/profit before income tax</b>	7	<b>144</b>	(8,428)	<b>(1,325)</b>	(6,065)
Income tax expense	8	–	–	–	–
<b>(Loss)/profit for the period</b>		<b>144</b>	(8,428)	<b>(1,325)</b>	(6,065)
<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>132</b>	415	<b>289</b>	312
<b>Other comprehensive income for the period</b>		<b>132</b>	415	<b>289</b>	312
<b>Total comprehensive income for the period</b>		<b>276</b>	(8,013)	<b>(1,036)</b>	(5,753)
<b>(Loss)/profit for the period attributable to:</b>					
<b>Owners of the Company</b>		<b>244</b>	(8,428)	<b>(1,225)</b>	(6,065)
<b>Non-controlling interest</b>		<b>(100)</b>	–	<b>(100)</b>	–
		<b>144</b>	(8,428)	<b>(1,325)</b>	(6,065)
<b>Total comprehensive income attributable to:</b>					
<b>Owners of the Company</b>		<b>376</b>	(8,013)	<b>(936)</b>	(5,753)
<b>Non-controlling interest</b>		<b>(100)</b>	–	<b>(100)</b>	–
		<b>276</b>	(8,013)	<b>(1,036)</b>	(5,753)
<b>(Loss)/earnings per share</b>					
– Basic and Diluted	10	<b>0.01</b>	(0.05)	<b>(0.01)</b>	(0.04)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 (Unaudited) HK\$'000	As at 31 December 2018 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,038	1,739
Intangible assets	12	5,922	8,080
Right of use assets		2,460	–
		<u>9,420</u>	<u>9,819</u>
<b>Current assets</b>			
Inventories		–	23
Trade receivables	13	6,624	5,137
Prepayments, deposits and other receivables		9,615	7,727
Tax recoverable		–	98
Cash at banks and on hand		44,353	45,684
		<u>60,592</u>	<u>58,669</u>
<b>Current liabilities</b>			
Trade payables	14	3,250	3,744
Accrued expenses and other payables		3,644	5,671
Contract liabilities		14,229	11,674
Amount due to a related company		7	43
Lease liabilities		1,973	–
Tax payable		77	–
		<u>23,180</u>	<u>21,132</u>
<b>Net current assets</b>		<u>37,412</u>	<u>37,537</u>
<b>Total assets less current liabilities</b>		<u>46,832</u>	<u>47,356</u>
<b>Non-current liability</b>			
Deferred taxation		–	–
Lease liabilities		512	–
<b>Net assets</b>		<u>46,320</u>	<u>47,356</u>
<b>EQUITY</b>			
Share capital	15	1,600	1,600
Reserves		44,720	45,656
Equity attributable to the Company's owners		46,320	47,256
<b>Non-controlling interests</b>		–	100
<b>Total equity</b>		<u>46,320</u>	<u>47,356</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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 2019</b>	<b>1,600</b>	<b>41,129</b>	<b>71,458</b>	<b>523</b>	<b>(67,454)</b>	<b>100</b>	<b>47,356</b>
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>
<b>At 1 January 2018</b>	1,600	41,129	71,458	110	(43,114)	394	71,577
Loss for the period	-	-	-	-	(6,065)	-	(6,065)
Exchange difference on translation of financial statements of foreign operations	-	-	-	312	-	-	312
Other comprehensive income for the period	-	-	-	312	-	-	312
Total comprehensive income for the period	-	-	-	312	(6,065)	-	(5,753)
<b>At 30 June 2018 (unaudited)</b>	<b>1,600</b>	<b>41,129</b>	<b>71,458</b>	<b>422</b>	<b>(49,179)</b>	<b>394</b>	<b>65,824</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 2019

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(300)	10,566
Net cash used in investing activities	(375)	(1,279)
Net cash used in financing activities	(949)	—
Net (decrease)/increase in cash and cash equivalents	(1,624)	9,287
Effects of exchange rate changes on cash and cash equivalents	293	349
Cash and cash equivalents at beginning of period	45,684	42,459
Cash and cash equivalents at end of period	44,353	52,095

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 1. CORPORATE INFORMATION

Gameone Holdings Limited was incorporated in Cayman Islands with limited liability under the Companies Law of Cayman Islands on 14 April 2010. The Company's registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands. The Company's principal place of business is located at 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 Group 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 GEM Listing Rules. These condensed consolidated interim financial statements were authorised for issue on 8 August 2019.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2018 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 2019. 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 2018 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 2018 consolidated 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. BDO Limited's independent review report to the Board of Directors is included on page 3.

### 3. CHANGES IN HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any material impact on the Group's accounting policies.

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases ("**HKAS 17**"), IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under HKFRS 16 is substantially unchanged under HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

#### Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised HK\$2,460,000 of right-of-use assets and HK\$2,485,000 of lease liabilities as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised HK\$903,000 of depreciation charges and HK\$71,000 of interest costs from these leases.

### 3. CHANGES IN HKFRSs – Continued

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases – Continued

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under trade and other receivables and trade and other payables, respectively. Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for lease contracts with a lease term of 12 months or less and do not contain a purchase option (“**short-term leases**”) and lease contracts for which the underlying asset is of low value (“**low-value assets**”). The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

##### ***Leases previously accounted for as operating leases***

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The incremental borrowing rates used for determination of the remaining lease payments was 5.12%.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- Elected not to apply the requirements in paragraph HKFRS16.C8 to leases for which the lease term ends within 12 months of the date of initial application. In this case, a lessee shall:
  - (i) account for those leases in the same way as short-term leases as described in paragraph HKFRS16.6; and
  - (ii) include the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.



### 3. CHANGES IN HKFRSs – Continued

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases – Continued

##### *Leases previously accounted for as operating leases – Continued*

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of HK\$3,084,000 were recognised and presented separately in the consolidated statement of financial position.
- Lease liabilities of HK\$3,084,000 were recognised and presented separately in the consolidated statement of financial position.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	<b>At 1 January 2019 HK\$'000</b>
Operating lease commitments disclosed as at 31 December 2018	3,346
Less: Recognition exemption – short-term leases	(105)
Less: Recognition exemption – leases of low-value assets	(17)
	<hr/>
	3,224
	<hr/> <hr/>
Lease liabilities (discounted at relevant incremental borrowing rates) relating to operating leases recognised upon application of HKFRS 16	3,084
	<hr/> <hr/>

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

##### ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### 3. CHANGES IN HKFRSs – Continued

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases – Continued

##### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### ***Short-term leases and leases of low-value assets***

The Group has applied the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### ***Amounts recognised in the unaudited condensed consolidated financial position and unaudited condensed consolidated statement of profit or loss and other comprehensive income***

The movements of the carrying amounts of the Group's right-of-use assets and lease liabilities during the period are set out below:

	<b>Right of use assets HK\$'000</b>	<b>Lease liabilities HK\$'000</b>
As at 1 January 2019	<b>3,084</b>	<b>3,084</b>
Additions	<b>279</b>	<b>279</b>
Depreciation expense	<b>(903)</b>	<b>-</b>
Interest expense	<b>-</b>	<b>71</b>
Payments	<b>-</b>	<b>(949)</b>
	<hr/>	<hr/>
As at 30 June 2019	<b>2,460</b>	<b>2,485</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 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 2018 annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 as described in note 3.

#### 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. 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	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>By country/region</b>				
Hong Kong	<b>19,228</b>	20,843	<b>39,144</b>	55,808
Taiwan	<b>2,256</b>	2,106	<b>5,029</b>	3,307
Others	<b>87</b>	10	<b>184</b>	33
	<b>21,571</b>	22,959	<b>44,357</b>	59,148

##### Information about major customers

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

## 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	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Revenue</b>				
Game operation income	21,201	22,325	43,750	57,790
Game publishing income	190	410	279	1,072
Royalty income	22	–	108	–
License fee income	158	224	220	286
	<u>21,571</u>	<u>22,959</u>	<u>44,357</u>	<u>59,148</u>
<b>Other income</b>				
Interest income	84	15	177	16
Other income	41	70	52	113
	<u>125</u>	<u>85</u>	<u>229</u>	<u>129</u>
	<u><b>21,696</b></u>	<u>23,044</u>	<u><b>44,586</b></u>	<u>59,277</u>

## 7. (LOSS)/PROFIT BEFORE INCOME TAX

This is arrived at after charging the followings:

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Under cost of services rendered:</b>				
Amortisation of intangible assets	1,210	1,800	2,634	3,708
Royalty expenses	4,437	12,597	9,166	21,727
<b>Under other expenses:</b>				
Depreciation of property, plant and equipment				
– Under cost of services rendered	213	331	458	686
– Under administrative expenses	156	296	314	586
	<u>369</u>	<u>627</u>	<u>772</u>	<u>1,272</u>
Depreciation of right of use assets	903	–	903	–
Impairment of inventories	22	–	22	–
Finance cost	71	–	71	–
Written off of prepayments	38	–	38	–
Staff costs excluding directors' remuneration:				
– Salaries and allowances	3,337	1,721	6,366	7,473
– Contributions on defined contribution retirement plan	238	255	512	568
– Discretionary bonuses	–	290	–	290
	<u>3,575</u>	<u>2,266</u>	<u>6,878</u>	<u>8,331</u>

## 8. INCOME TAX EXPENSE

No Profits Tax for the Taiwan branch has been provided as the Taiwan branch has not generated any tax assessable profit in Taiwan for the period (2018:Nil).

No provision for Hong Kong Profit Tax was made as the Group has not generated any tax assessable profit in Hong Kong for the period (2018: Nil).

No provision for PRC Enterprise Income Tax was made as the Group has not generated any tax assessable profit in the PRC for the period (2018: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 2019 (six months ended 30 June 2018: Nil).

## 10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for periods in 2019, is based on the (loss)/earnings attributable to the owners of the Company and on the number of 160,000,000 ordinary shares (six months ended 30 June 2018: 160,000,000 ordinary shares) in issue, being the number of shares of the Company as at 30 June 2019. 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 2019 and six months ended 30 June 2019 (three months ended 30 June 2018 and six months ended 30 June 2018: 160,000,000 ordinary shares).

No diluted (loss)/earnings per share is calculated for the six months ended 30 June 2019 (2018: Nil) as there was no potential dilutive ordinary share in existence.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group spent approximately HK\$76,200 on acquisition of property, plant and equipment (six months ended 30 June 2018: approximately HK\$175,000).

## 12. INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group spent approximately HK\$476,000 on acquisition of intangible assets (six months ended 30 June 2018: approximately HK\$1,135,000) and no impairment loss on intangible assets has been provided (six months ended 30 June 2018: Nil).

## 13. TRADE RECEIVABLES

	<b>As at 30 June 2019 (Unaudited) HK\$'000</b>	As at 31 December 2018 (Audited) HK\$'000
Trade receivables	<b><u>6,624</u></b>	<u>5,137</u>

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.

### 13. 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 2019 (Unaudited) HK\$'000</b>	As at 31 December 2018 (Audited) HK\$'000
Not more than 30 days	<b>6,233</b>	4,478
30-60 days	<b>346</b>	577
Over 60 days	<b>45</b>	82
	<b><u>6,624</u></b>	<u>5,137</u>

### 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 2018 and 30 June 2019, 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>Number</b>	<b>HK\$'000</b>
Ordinary shares As at 31 December 2018 and 30 June 2019	<b><u>160,000,000</u></b>	<u>1,600</u>

## 16. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(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)	913	1,004	2,796	4,190
Defined contribution plans (post employment benefits)	27	31	54	62
	<b>940</b>	1,035	<b>2,850</b>	4,252

## 17. CAPITAL COMMITMENTS

	As at 30 June 2019 (Unaudited) HK\$'000	As at 31 December 2018 (Audited) HK\$'000
Contracted but not provided for – Acquisition of intangible assets	<b>3,050</b>	2,355



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

We are an integrated game developer, operator and publisher focusing on the markets 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 2019, the Group recorded a net loss of approximately HK\$1.3 million while it was approximately HK\$6.1 million for the same period in 2018. 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 will closely monitor the performance of the Group and the Group will continue to pursue the key business strategies to expand our 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 24.9% from approximately HK\$59.1 million for the six months ended 30 June 2018 to approximately HK\$44.4 million for the six months ended 30 June 2019, primarily attributable to the comparatively lower level of recorded revenue in the current period due to the relatively lower revenue contribution from the product launch in the period in contrast with the significant increase in revenue recorded in the corresponding period last year as a result of the launch of Demi-Gods and Semi-Devils (Mobile Version) (天龍八部手機版) in December 2017, which had contributed approximately HK\$35.3 million to the revenue for the six months ended 30 June 2018.

#### Cost of services rendered

The Group's cost of services rendered for the six months ended 30 June 2019 was approximately HK\$30.3 million, representing a decrease of approximately 36.9% from approximately HK\$48.0 million for the corresponding period in 2018, primarily attributable to the combined effect of (i) an approximately HK\$3.5 million decrease in channel fees; (ii) an approximately HK\$12.6 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 2019; and (iii) an approximately HK\$1.1 million decrease in amortisation of our intangible assets during the six months ended 30 June 2019.

#### Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2019 was approximately HK\$14.0 million, representing an increase of approximately 25.0% from approximately HK\$11.2 million for the six months ended 30 June 2018, primarily due to a decrease in royalty expenses and channel fee of our licensed mobile games. The Group's gross profit margin for the six months ended 30 June 2019 was approximately 31.6%, representing increase of approximately 12.6 percentage points compared to approximately 19.0% for the six months ended 30 June 2018. The increase in the Group's gross profit margin was primarily due to the decreased in royalty expenses and channel fee of our licensed mobile games.

#### Selling expenses

The Group's selling expenses for the six months ended 30 June 2019 were approximately HK\$8.5 million, representing an increase of approximately 4.9% from approximately HK\$8.1 million for the corresponding period in 2018, primarily attributable to an increase in promotion and advertising expenses for the licensed mobile game.

## **Administrative expenses**

The Group's administrative expenses for the six months ended 30 June 2019 were approximately HK\$7.0 million, representing decrease of approximately HK\$2.3 million from approximately HK\$9.3 million for the six months ended 30 June 2018, primarily attributable to decrease in staff cost.

## **Loss for the period**

The Group recorded a loss for the six months ended 30 June 2019 of approximately HK\$1.3 million as compared with a loss of approximately HK\$6.1 million for the corresponding period in 2018, primarily attributable to the combined effect of (i) an approximately HK\$2.8 million increase in the gross profit for six months ended 30 June 2019 due to a decrease in the royalty expenses and channel fee from the Group's licensed mobile games; and (ii) a decrease in staff cost due to the decrease of headcount in Taiwan branch and executive director's welfare benefits.

## **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 2019, we did not have any bank borrowings. As at 30 June 2019, we had cash and cash equivalents of approximately HK\$44.4 million (31 December 2018: approximately HK\$45.7 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 2019.

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 2019.

## **SIGNIFICANT INVESTMENTS HELD BY THE GROUP**

During the six months ended 30 June 2019, 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 2019.

## **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 2019, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (30 June 2018: Nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2019, the Group did not have any significant contingent liabilities (30 June 2018: Nil).

## **COMMITMENTS**

Our capital commitments for acquisition of intangible assets were approximately HK\$3.1 million (31 December 2018: approximately HK\$2.4 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 2019, the Group had 66 employees (30 June 2018: 79) 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. 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 2019 amounted to approximately HK\$9.7 million (30 June 2018: approximately HK\$11.3 million). The dedication and hard work of the Group's staff during the six months ended 30 June 2019 are generally appreciated and recognised.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## OTHER INFORMATION

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

As at 30 June 2019, 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	Number of shares held/interested	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 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 2019, 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 2019, 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	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of shareholding
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.

Save as disclosed above, as at 30 June 2019, 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 2019, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was approximately 33.8% (31 December 2018: approximately 30.9%).

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

During the six months ended 30 June 2019, 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 2019.

## **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 2019.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has 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 “**Required Standard of Dealings**”). 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 Reporting Period.

## **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. In the opinion of the Board, the Company has complied with the Code during the six months ended 30 June 2019 and up to the date of this announcement.

## **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%.

## 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 summarised in the section headed “Share Option Scheme” in Appendix IV to the prospectus dated 31 December 2015.

For the six months ended 30 June 2019, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

## 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 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 the 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 2019 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 announcement.

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

Hong Kong, 8 August 2019

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

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at [www.gameone.com.hk](http://www.gameone.com.hk).*