



Gameone Holdings Limited

智傲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8282

2016

Interim Report



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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Wong Pui Yain
Mr. Hong Ming Sang

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)
Mr. Yung Kai Tai
Dr. Fung Ying Him Anthony

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

LEGAL ADVISERS AS TO HONG KONG LAW

Mayer Brown JSM
16th-19th Floors, Prince's Building
10 Chater Road
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY SECRETARY

Mr. Chan Man Kay

AUTHORISED REPRESENTATIVES

Mr. Lam Kin Fai
Mr. Chan Man Kay

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

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North Point Industrial Building
No. 499 King's Road
North Point
Hong Kong

COMPLIANCE ADVISER

Innovax Capital Limited
Room 2002, 20/F
Chinachem Century Tower
178 Gloucester Road, Wan Chai
Hong Kong

PRINCIPAL BANKS

Hang Seng Bank
China Merchants Bank
The Shanghai Commercial & Savings Bank, Ltd.

GEM STOCK CODE

8282

COMPANY WEBSITE

www.gameone.com.hk



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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TO THE BOARD OF DIRECTORS OF GAMEONE HOLDINGS LIMITED (incorporated in the Cayman Islands with limited liabilities)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 12 which comprises the condensed consolidated statement of financial position of Gameone Holdings Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three months and six months period ended 30 June 2016, condensed consolidated statement of changes in equity and condensed consolidated statement cash flows of the Group for the six months period then ended, and a summary of significant accounting policies and other explanatory notes.

The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. A review of the interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited
Certified Public Accountants

Tsui Ka Che, Norman
Practising Certificate no. P05057
Hong Kong, 12 August 2016



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	5	20,756	39,821	46,126	69,425
Cost of services rendered		(13,931)	(20,917)	(29,810)	(34,897)
Gross profit		6,825	18,904	16,316	34,528
Other income	5	4	168	24	249
Selling expenses		(3,156)	(6,190)	(6,426)	(10,362)
Administrative expenses		(6,735)	(7,592)	(10,945)	(10,762)
Other expenses		(118)	(22)	(118)	(22)
(Loss)/profit before income tax		(3,180)	5,268	(1,149)	13,631
Income tax expense	6	170	(1,591)	(380)	(3,070)
(Loss)/profit for the period		(3,010)	3,677	(1,529)	10,561
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange difference on translation of financial statements of foreign operations		21	(20)	(219)	(357)
Other comprehensive income for the period		21	(20)	(219)	(357)
Total comprehensive income for the period attributable to owners of the Company		(2,989)	3,657	(1,748)	10,204
(Loss)/earnings per share					
– Basic and Diluted	8	(0.02)	0.03	(0.01)	0.09



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,634	2,237
Intangible assets	9	18,284	20,679
		20,918	22,916
Current assets			
Inventories		155	156
Trade receivables	10	4,895	7,003
Prepayments, deposits and other receivables		9,296	13,625
Amount due from a related company		—	1,000
Cash at banks and in hand		86,703	45,545
		101,049	67,329
Current liabilities			
Trade payables	11	2,853	3,458
Accrued expenses and other payables		5,303	15,378
Deferred income		12,034	10,449
Amount due to a related company		—	459
Provision for taxation		3,961	3,581
		24,151	33,325
Net current assets		76,898	34,004
Total assets less current liabilities		97,816	56,920
Non-current liabilities			
Deferred taxation		272	272
Net assets		97,544	56,648
EQUITY			
Equity attributable to the Company's owners			
Share capital	12	1,600	85
Reserves		95,944	56,563
Total equity		97,544	56,648



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Other reserve* HK\$'000	Translation reserve* HK\$'000	Accumulated losses* HK\$'000	Total equity HK\$'000
At 1 January 2016	85	—	—	71,458	1,708	(16,603)	56,648
Loss for the period	—	—	—	—	—	(1,529)	(1,529)
Exchange difference on translation of financial statements of foreign operations	—	—	—	—	(219)	—	(219)
Other comprehensive income for the period	—	—	—	—	(219)	—	(219)
Total comprehensive income for the period	—	—	—	—	(219)	(1,529)	(1,748)
Issue of share under placing (note 12(b))	400	49,600	—	—	—	—	50,000
Capitalisation issue (note 12(a))	1,115	(1,115)	—	—	—	—	—
Share issue expenses	—	(7,356)	—	—	—	—	(7,356)
At 30 June 2016 (unaudited)	<u>1,600</u>	<u>41,129</u>	<u>—</u>	<u>71,458</u>	<u>1,489</u>	<u>(18,132)</u>	<u>97,544</u>
At 1 January 2015	—	—	646	67,897	1,085	(19,701)	49,927
Profit for the period	—	—	—	—	—	10,561	10,561
Exchange difference on translation of financial statements of foreign operation	—	—	—	—	(357)	—	(357)
Other comprehensive income for the period	—	—	—	—	(357)	—	(357)
Total comprehensive income for the period	—	—	—	—	(357)	10,561	10,204
At 30 June 2015 (unaudited)	<u>—</u>	<u>—</u>	<u>646</u>	<u>67,897</u>	<u>728</u>	<u>(9,140)</u>	<u>60,131</u>

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



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash generated from operating activities	1,572	22,257
Net cash used in investing activities	(3,054)	(6,877)
Net cash generated from financing activities	42,644	—
Net increase in cash and cash equivalents	41,162	15,380
Effects of exchange rate changes on cash and cash equivalents	(4)	2
Cash and cash equivalents at beginning of period	45,545	37,613
Cash and cash equivalents at end of period	86,703	52,995



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 Unit A, 21/F, North Point Industrial Building, No. 499 King's Road, North Point, Hong Kong.

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

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

The Company's immediate holding company is PC Investment Limited, incorporated in Hong Kong and its ultimate holding company is PC Asia Limited, also incorporated in Hong Kong.

2. BASIS OF PREPARATION AND PRESENTATION

Through a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares (the "Group Reorganisation"), the Company became the holding company of its subsidiaries now comprising the Group since 23 December 2015. Details of the Group Reorganisation are fully explained in the prospectus of the Company dated 31 December 2015 and the Company's annual report for the year ended 31 December 2015 dated 22 March 2016.

The Directors considered that onegameshow.com Limited ("Onegameshow") is engaged in publishing of magazines and comic books, generating advertising income from online platform, which are not related to the Core Business ("Non-core Business") and operated and financed separately, therefore they are excluded in the listing of the Company's shares. Accordingly, Onegameshow was disposed of on 25 September 2015 as part of the Reorganisation. Results of Onegameshow has been consolidated into the comparative interim financial information for the three months and six months ended 30 June 2015.

Accordingly, the interim financial information presented for the six months ended 30 June 2015 was prepared using the principles of merger accounting as if the current group structure had been in existence as at 30 June 2015 and throughout the prior period.

The interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This unaudited interim financial information does not include all the information and disclosure required in annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2015. The accounting policies and method of computation used in the preparation of these unaudited interim financial information are consistent with those used in the preparation of the Company's consolidated financial statements for the year ended 31 December 2015 except for the adoption of the new standards and amendments to the HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA as mentioned in note 3 below.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has adopted new or revised HKFRSs issued by the HKICPA which are relevant to and effective for the Group's financial statements for the annual period beginning on or after 1 January 2016. There was no material impact of on the Group's interim financial information upon the adoption of these new or revised HKFRSs.

The Group has not applied any new or revised HKFRSs that is not yet effective for the current accounting period. The Group is in the process of making assessment of the potential impact of these new or revised HKFRSs.



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 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
By country/region				
Hong Kong	18,560	36,687	42,324	63,404
Taiwan	2,196	3,122	3,802	5,826
Others	—	12	—	195
	<u>20,756</u>	<u>39,821</u>	<u>46,126</u>	<u>69,425</u>

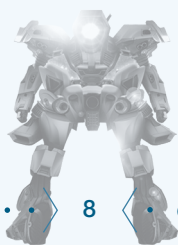
Information about major customers

So far as the Company is aware, there is no single customer contributed to 10% or more revenue to the Group's revenue for the periods.

5. 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue				
Game operation income	20,016	39,376	44,108	68,102
Game publishing income	493	215	1,464	608
Royalty income	—	11	—	81
License fee income	247	219	554	634
	<u>20,756</u>	<u>39,821</u>	<u>46,126</u>	<u>69,425</u>
Other income				
Interest income	3	2	5	2
Other income	1	166	19	247
	<u>4</u>	<u>168</u>	<u>24</u>	<u>249</u>
	<u>20,760</u>	<u>39,989</u>	<u>46,150</u>	<u>69,674</u>



6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current tax - Hong Kong Profits Tax				
– Tax expense/(credit) for the period	(170)	1,535	380	3,014
– Under-provision in prior periods	—	—	—	—
	(170)	1,535	380	3,014
Deferred tax	—	56	—	56
Income tax expense	(170)	1,591	380	3,070

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 periods (2015: Nil).

A provision for Hong Kong Profits Tax was made at the rate of 16.5% (2015: 16.5%) for the Group's estimated assessable profit derived in Hong Kong for the periods.

No provision for PRC Enterprise Income Tax was made as the Group has not generated any tax assessable profit in the PRC for the periods (2015: Nil).

7. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

8. LOSS/EARNINGS PER SHARE

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

For the periods in 2015, the calculation is based on the profits attributable to owners of the Company and on the assumption that the proposed 120,000,000 ordinary shares in issue, comprising 8,534,007 shares in issue as at 31 December 2015 and 111,465,993 shares issued pursuant to a capitalisation upon the listing of the Company's shares as if these ordinary shares had been issued throughout the periods, but before the placing of 40,000,000 new shares upon the listing of the Company's shares.

No diluted loss per share is calculated for the six months ended 30 June 2016 (2015: Nil) as there was no potential dilutive ordinary share in existence.

9. INTANGIBLE ASSETS

During the six months ended 30 June 2016, the Group spent approximately HK\$2,012,000 on acquisition of intangible assets (six months ended 30 June 2015: approximately HK\$5,963,000) and recorded impairment loss on intangible assets amounted to approximately HK\$118,000 has been provided (six months ended 30 June 2015: HK\$Nil).



10. TRADE RECEIVABLES

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Trade receivables	<u>4,895</u>	<u>7,003</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.

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:

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Not more than 30 days	4,827	6,804
30-60 days	61	132
Over 60 days	7	67
	<u>4,895</u>	<u>7,003</u>

11. TRADE PAYABLES

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

12. SHARE CAPITAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 14 April 2010. At the date of incorporation, the authorised share capital of the Company was HK\$30,000 divided into 3,000,000 ordinary shares of HK\$0.01 each. One share of HK\$0.01 in the share capital was issued and allotted fully paid to the initial subscribing shareholder and such fully paid subscriber share was transferred to Mr. Sze Yan Ngai, executive director and shareholder of the Company, on 14 April 2010. On 30 September 2015, Mr. Sze transferred one share, which represented entire issued share capital of the Company, to PC Investment Limited, a company incorporated in Hong Kong and the controlling shareholder of the Group.

Authorised share capital

On 23 December 2015, the authorised share capital of the Company was increased from HK\$30,000 to HK\$10,000,000 by creation of an additional 997,000,000 ordinary shares.



12. SHARE CAPITAL (continued)

Issued and fully paid

	2016 Number	As at 30 June 2016 HK\$'000	2015 Number	As at 31 December 2015 HK\$'000
Ordinary shares				
At beginning of period/year	8,534,007	85	1	—
Issued shares upon				
Group Reorganisation	—	—	8,534,006	85
Capitalisation issue (note (a))	111,465,993	1,115	—	—
Issued shares under placing (note (b))	40,000,000	400	—	—
At ending of period/year	<u>160,000,000</u>	<u>1,600</u>	<u>8,534,007</u>	<u>85</u>

Notes:

- (a) Pursuant to the written resolution of the shareholders passed on 23 December 2015, the Directors were authorised to capitalise the amount of HK\$1,114,659 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 111,465,993 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 13 January 2016, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (b) On 13 January 2016, the Company issued 40,000,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK\$1.25 per share.

13. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group entered into the following transactions:

		Six months ended 30 June	
	Notes	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Game publishing income received from Nineyou Information Technology (Shanghai) Limited ("NITS")	(i)	—	245
Advertising expenses paid to Innovation Power	(ii)	—	2,306

Notes:

- (i) Game publishing income was received from NITS, is subsidiary of Nineyou International Limited, a shareholder of the Company, during the period for sales of game. The game publishing income was determined and agreed by both parties.
- (ii) Advertising expenses was paid to Innovation Power, of which the owner is a brother of the Company's shareholder and director, for the advertisements posted in the multimedia during the period. The advertising fee paid was determined and agreed by both parties.



13. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (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)	4,857	1,292
Defined contribution plans (post employment benefits)	63	60
	4,920	1,352

14. OPERATING LEASE COMMITMENTS

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

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Within one year	1,526	1,727
In the second to fifth years	1,763	119
	3,289	1,846

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

15. CAPITAL COMMITMENTS

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Contracted but not provided for – Acquisition of intangible assets	2,599	1,893



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

For the six months ended 30 June 2016, the Group recorded a net loss of approximately HK\$1.5 million as compared to a net profit of approximately HK\$10.6 million for the same period in 2015. The Directors are of the view that the downturn experienced by the Group during this half year was temporary. In view of the expected game launch date, the Directors believe that the Group's revenue will catch up and the current situation will be improved by the end of this financial year. To ensure the success of the Group, the board of Directors (the "Board") will closely monitor the performance of the Group and the Group will continue to pursue the key business strategies to expand game portfolio through introducing more high-quality licensed games with a focus on mobile games and consolidate market position and enhance marketing efforts. Generally, the Directors remain optimistic about the future of Hong Kong's game industry.

Our games

On 1 June 2016, we entered into a cooperation agreement with Shanghai Nineyou Interactive Community and Media Co., Ltd. (上海久游網絡科技有限公司), a subsidiary of Hunan TV & Broadcast Intermediary Co., Ltd. (湖南電廣傳媒股份有限公司) (a company listed on Shenzhen Stock Exchange, Stock Code: SHE: 000917) and a third party independent of the Company and its connected parties. We have obtained the distribution right of "機動戰士高達Online", a product developed by BANDAI NAMCO Online, in Hong Kong, Macau and Taiwan. The game is officially launched in the third quarter of 2016.

"機動戰士高達Online" features PC action online game supporting up to 104 players battling with each other at the same time. Players can freely control various types of game machines belonging to two camps of "Earth Federation Forces" and "Self-care Forces" in U.C. (Universal Century) to battle with each other. On the battlefield, all previous classical original roles such as "Abao (阿寶)" and "Masha (馬沙)" will participate in different battles together. In addition, players can also choose to become "Commanders" on the battlefield, giving commanders to Self-care Forces with different play viewpoints and leading companions marching to victory.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 33.6% from approximately HK\$69.4 million for the six months ended 30 June 2015 to approximately HK\$46.1 million for the six months ended 30 June 2016, primarily attributable to the combined effect of (i) an approximately HK\$19.8 million decrease in its game operation income from its licensed mobile games primarily due to the relatively lower revenue contribution from the product launch during the six months ended 30 June 2016 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 3D* (天龍八部3D) in February 2015; (ii) an approximately HK\$0.9 million increase in its game publishing income from mobile games and online PC games; and (iii) an approximately HK\$4.1 million decrease in our game operation income from our online PC games for the six months ended 30 June 2016.



Cost of services rendered

The Group's cost of services rendered for the six months ended 30 June 2016 was approximately HK\$29.8 million, representing a decrease of approximately 14.6% from approximately HK\$34.9 million for the corresponding period in 2015, primarily attributable to the combined effect of (i) an approximately HK\$5.3 million decrease in royalty expenses primarily resulted from a decrease in our game operation income from our licensed games in the first half of 2016; (ii) an approximately HK\$1.8 million increase in staff cost primarily resulted from an increase of basic salary and distribution of discretionary bonus to our staff; (iii) an approximately HK\$0.8 million increase in amortization of its intangible assets; and (iv) an approximately HK\$2.4 million decrease in channel fee paid during the six months ended 30 June 2016.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2016 was approximately HK\$16.3 million, representing a decrease of approximately 52.7% from approximately HK\$34.5 million for the six months ended 30 June 2015, primarily due to a decrease in the Group's game operation income from the Group's licensed games and an increase in the Group's cost of services rendered.

The Group's gross profit margin for the six months ended 30 June 2016 was approximately 35.3%, representing a decrease of approximately 14.4 percentage points compared to approximately 49.7% for the six months ended 30 June 2015. The decrease in the Group's gross profit margin was primarily due to the decreased in revenue from licensed games and partly due to fixed cost of services rendered were increased, such as staff cost and amortisation of its intangible assets.

Selling expenses

The Group's selling expenses for the six months ended 30 June 2016 were approximately HK\$6.4 million, representing a decrease of approximately 38.5% from approximately HK\$10.4 million for the corresponding period in 2015, primarily attributable to a HK\$4.0 million decrease in marketing and promotion costs as a result of relatively lower marketing and promotion expense for the introduction of new games in the first half of 2016.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2016 were approximately HK\$10.9 million, representing an increase of approximately 0.9% from approximately HK\$10.8 million for the six months ended 30 June 2015, primarily attributable to the combined effect of (i) an approximately HK\$3.6 million decrease of listing expenses for the services rendered by professional parties for the listing process; (ii) an approximately HK\$0.9 million increase in listing-related expenses including the increase in directors emoluments, company secretary fee, compliance advisory fee and other professional fee incurred after the listing; and (iii) an approximately HK\$2.5 million increase in staff cost due to the increase in basic salary and distribution of discretionary bonus to our staff during the six months ended 30 June 2016.

Loss for the period

The Group recorded a loss for the six months ended 30 June 2016 of approximately HK\$1.5 million as compared with a profit of approximately HK\$10.6 million for the corresponding period in 2015, primarily attributable to the combined effect of (i) an approximately HK\$18.2 million decrease in the gross profit for the six months ended 30 June 2016 primarily attributable to a decrease in the Group's revenue contributed by the Group's game operation income from the Group's licensed games; (ii) an approximately HK\$4.0 million decrease in the selling expenses primarily attributable to relatively lower marketing and promotion costs for game promotion; and (iii) an approximately HK\$0.1 million increase in the administrative expenses primarily attributable to the recognition of listing-related expenses after listing and an increase of staff cost.



Comparison between Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Company's prospectus (the "Prospectus") dated 31 December 2015 with actual business progress for the six months ended 30 June 2016.

Business objectives for the period from 13 January 2016 to 30 June 2016 as stated in the Prospectus

Actual business progress for the period from 13 January 2016 to 30 June 2016

Expand our game portfolio through introducing more high-quality licensed games with a focus on mobile games	– securing additional licensed games	– We had settled the fees payable to secure the license for the mobile games Dachen Wushuang (大神無雙) and Dan-Dan Tangs (彈彈堂s).
Continue to secure development rights for popular literatures, comics and animations		– We have secured the license for the mobile games Jagged Martial Arts (鐵血武林) and RED.
		– We have secured the development rights for the mobile game Line Walker (使徒行者).
		– We expect to secure one more development right for a mobile game in the second half of 2016.
Consolidate our market position and enhance our marketing efforts	– marketing and promotion of our existing licensed games and self/co-developed games	– We have increased the spending on promotion Age of Wushu (Mobile) (九陰真經手機版) and Demi-Gods and Semi-Devils 3D (天龍八部3D).
Pursue strategic alliances and acquisition opportunities		– We are positively to pursue strategic alliances and acquisition opportunities. Up to the date of this report, we have not enter into any legal binding agreement with the potential alliances. We expect that the terms of cooperation will be finalised in the second half of 2016.
Fully utilise existing games and development rights to broaden our revenue stream	– identifying business partners to produce game-related merchandise such as die-cast characters, etc.	– We have not incurred any expense to produce game-related merchandise during the six months ended 30 June 2016.
		– Subsequent to the reporting period, we produced T-shirt and gift box packing of Warlocks (魔法軍團) and The Legend of Gods (封神紀) for Ani-Com & Games Hong Kong 2016.

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



USE OF PROCEEDS FROM PLACING

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

	Intended use of proceeds from the listing as described in the Prospectus				Actual use of proceeds	
	From the listing date to 30 June 2016 (HK\$ Million)	For the six months ending 31 December 2016 (HK\$ Million)	For the six months ending 30 June 2017 (HK\$ Million)	For the six months ending 31 December 2017 (HK\$ Million)	Total (HK\$ Million)	Up to 30 June 2016 (HK\$ Million)
Proceeds from the listing						
– Securing additional licensed mobile games	2.0	2.0	2.0	2.03	8.03	2.0
– Continue to secure development rights for popular literatures, comics and animations	1.0	1.0	1.0	1.34	4.34	0.3
– Identifying business partners to produce game-related merchandise	0.2	—	0.2	—	0.4	—
– Acquisition of additional computer and related hardware and game design software	—	0.4	—	0.4	0.8	0.2
– Marketing and promotion of our existing licensed games and self/co-developed games	1.5	1.5	1.5	2.33	6.83	1.5
– Pursue strategic alliances and acquisition opportunities	0.7	0.7	0.7	0.63	2.73	—
– Working capital and other general corporate purposes	0.6	0.6	0.6	0.67	2.47	0.6
Total	6.0	6.2	6.0	7.4	25.6	4.6

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

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on Date of Listing. There has been no change in the capital structure of the Group since the Date of Listing 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 2016, we did not have any bank borrowings. As at 30 June 2016, we had cash and cash equivalents of approximately HK\$86.7 million (31 December 2015: approximately HK\$45.5 million), which were cash at banks and in hand. No banking facility has been arranged by our Group during the six months ended 30 June 2016. We expect that our liquidity position would further be strengthened by using the combination of cash generated from our operating activities and the net proceeds received from the placing. Going forward, we intend to use our capital for our operations and the expansion plans as stated in the Prospectus.



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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 June 2016.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 June 2016, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets as at 30 June 2016.

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 2016, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (30 June 2015: Nil).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (30 June 2015: Nil).

COMMITMENTS

Our contract commitments mainly involve leases of office properties and acquisition of intangible assets. As at 30 June 2016, the Group's operating leases were approximately HK\$3.3 million (31 December 2015: approximately HK\$1.8 million) and capital commitments for acquisition of intangible assets were approximately HK\$2.6 million (31 December 2015: approximately HK\$1.9 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 2016, the Group had 82 employees (30 June 2015: 83) working in Hong Kong, Taiwan and the People's Republic of China (the "PRC"). Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the six months ended 30 June 2016 amounted to approximately HK\$11.8 million (six months ended 30 June 2015: approximately HK\$6.9 million). The dedication and hard work of the Group's staff during the six months ended 30 June 2016 are generally appreciated and recognised.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this report, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in Shares and underlying Shares:

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	28,436,337	17.77%

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") holds 50% of the issued share capital of Right One Global Limited ("Right One"), which holds 21,874,107 Shares. In addition, Mr. Sze holds 6,562,230 Shares personally. By virtue of the SFO, Mr. Sze is deemed to be interested in the Shares in which Right One is interested.

Save as disclosed above, as at the date of this report, 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 5.67 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

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

Long positions in ordinary shares of the Company:

Name of shareholders	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in the 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%
Ms. Chan Lai Chu (<i>Note 5</i>)	Interest of controlled corporation/Interest of spouse	28,436,337	17.77%
Right One (<i>Note 3</i>)	Beneficial owner	21,874,107	13.67%
Nineyou International Limited (<i>Note 4</i>)	Beneficial owner	18,367,182	11.48%
Heartland Investment Limited	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 holds 50% of the issued share capital of Right One which holds 21,874,107 Shares. In addition, Mr. Sze holds 6,562,230 Shares of the Company. Under the SFO, Mr. Sze is deemed to be interested in the Shares in which Right One and Mr. Sze are interested.
- (4) Based on the information provided by Nineyou International Limited ("NYIL"), NYIL is beneficially owned by Heartland Investment Limited as to approximately 44.443%, Wollerton Investments Pte. Ltd. as to approximately 18.958%, Fair Gold International Limited as to approximately 15.612%, Everstar Overseas Holding Ltd. as to approximately 10.036%, Star Fortune Overseas Holding Limited as to approximately 8% and Hongxin International Holdings Limited as to approximately 2.951%, all of whom are independent third parties.
- (5) Ms. Chan Lai Chu ("Mrs. Sze") holds 50% of the issued share capital of Right One which holds 21,874,107 Shares. In addition, Mrs. Sze is the spouse of Mr. Sze. Mr. Sze holds 6,562,230 Shares. Under the SFO, Mrs. Sze is deemed to be interested in the Shares in which Right One and Mr. Sze are interested.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Shares of the Company have been listed on the GEM of the Stock Exchange since the Date of Listing. Save as the listing, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Date of Listing to 30 June 2016.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the six months ended 30 June 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Based on specific enquiry made with the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance from the Date of Listing up to the date of this report.



SHARE OPTION SCHEME

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

For the six months ended 30 June 2016, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

INTERESTS OF THE COMPLIANCE ADVISER

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

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 from the Date of Listing up to the date of this report.

UPDATED BIOGRAPHICAL DETAILS OF DIRECTORS

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

Independent non-executive director

Mr. Yung Kai Tai, an independent non-executive Director, resigned as an independent non-executive director of ETS Group Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8031), on 30 June 2016.

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 CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Iu Tak Meng Teddy. The other members are Mr. Yung Kai Tai and Dr. Fung Ying Him Anthony. The primary duties of the Audit Committee are to review and approve the Group’s financial reporting process and the internal control systems of the Group.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2016 with the management and is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, Friday, 12 August 2016

As at the date of this report, the executive Directors are Mr. Sze Yan Ngai and Mr. Lam Kin Fai; the non-executive Directors are Ms. Wong Pui Yain and Mr. Hong Ming Sang; and the independent non-executive Directors are Mr. Yung Kai Tai, Dr. Fung Ying Him Anthony and Mr. Iu Tak Meng Teddy.

