



gameone

Gameone Holdings Limited

智傲控股有限公司

( incorporated in the Cayman Islands with limited liability )

Stock Code: 8282

Interim Report

2018



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

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

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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Director

Ms. Wong Pui Yain

### Independent Non-executive Directors

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

## BOARD COMMITTEES

### Audit Committee

Mr. Lu Tak Meng Teddy (Chairman)  
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

## COMPANY SECRETARY

Ms. Tam Kwai Heung

## AUTHORISED REPRESENTATIVES

Mr. Lam Kin Fai  
Ms. Tam Kwai Heung

## COMPLIANCE OFFICER

Mr. Sze Yan Ngai

## REGISTERED OFFICE

Maples Corporate Services Limited  
P.O. Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## COMPLIANCE ADVISOR

Innovax Capital Limited  
Room 2002, Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

## LEGAL ADVISORS AS TO HONG KONG LAWS

Bird & Bird  
4/F Three Pacific Place  
1 Queen's Road East  
Hong Kong

## PRINCIPAL BANKS

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

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited  
P.O. 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

## GEM STOCK CODE

8282

## COMPANY WEBSITE

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

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Gameone Holdings Limited**  
**To the Board of Directors of Gameone Holdings Limited**  
*(incorporated in the Cayman Islands with limited liabilities)*

## INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 3 to 17 which comprises the condensed consolidated statement of financial position of Gameone Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as of 30 June 2018 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 2018, 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 GEM 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 these condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**BDO Limited**  
*Certified Public Accountants*

**Lo Ngai Hang**  
Practising Certificate no. P04743

Hong Kong, 13 August 2018

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

For the three months and six months ended 30 June 2018

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Revenue</b>	6	<b>22,959</b>	13,165	<b>59,148</b>	30,313
Cost of services rendered		<b>(23,900)</b>	(8,263)	<b>(47,953)</b>	(18,588)
<b>Gross (loss)/profit</b>		<b>(941)</b>	4,902	<b>11,195</b>	11,725
Other income	6	<b>85</b>	85	<b>129</b>	130
Selling expenses		<b>(4,043)</b>	(2,124)	<b>(8,070)</b>	(6,741)
Administrative expenses		<b>(3,529)</b>	(6,164)	<b>(9,319)</b>	(10,372)
Other expenses		<b>-</b>	(302)	<b>-</b>	(302)
<b>Loss before income tax</b>	7	<b>(8,428)</b>	(3,603)	<b>(6,065)</b>	(5,560)
Income tax expense	8	<b>-</b>	-	<b>-</b>	-
<b>Loss for the period</b>		<b>(8,428)</b>	(3,603)	<b>(6,065)</b>	(5,560)
<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>415</b>	(649)	<b>312</b>	(1,050)
<b>Other comprehensive income for the period</b>		<b>415</b>	(649)	<b>312</b>	(1,050)
<b>Total comprehensive income for the period</b>		<b>(8,013)</b>	(4,252)	<b>(5,753)</b>	(6,610)
<b>Loss for the period attributable to owners of the Company</b>		<b>(8,428)</b>	(3,603)	<b>(6,065)</b>	(5,560)
<b>Total comprehensive income attributable to owners of the Company</b>		<b>(8,013)</b>	(4,252)	<b>(5,753)</b>	(6,610)
<b>Loss per share</b>					
- Basic and Diluted	10	<b>(0.05)</b>	(0.02)	<b>(0.04)</b>	(0.03)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2018

	Notes	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	2,226	3,375
Intangible assets	12	17,500	20,116
		<u>19,726</u>	<u>23,491</u>
<b>Current assets</b>			
Inventories		22	26
Trade receivables	13	5,656	14,094
Prepayments, deposits and other receivables		14,166	16,162
Amounts due from non-controlling shareholders of a subsidiary		400	400
Tax recoverable		98	98
Cash at banks and on hand		52,095	42,459
		<u>72,437</u>	<u>73,239</u>
<b>Current liabilities</b>			
Trade payables	14	10,376	2,521
Accrued expenses and other payables		5,918	5,794
Deferred income		9,996	16,741
Amount due to a related company		49	97
		<u>26,339</u>	<u>25,153</u>
<b>Net current assets</b>		<u>46,098</u>	<u>48,086</u>
<b>Total assets less current liabilities</b>		<u>65,824</u>	<u>71,577</u>
<b>Net assets</b>		<u>65,824</u>	<u>71,577</u>
<b>EQUITY</b>			
Share capital	15	1,600	1,600
Reserves		63,830	69,583
Equity attributable to the Company's owners		65,430	71,183
<b>Non-controlling interests</b>		<u>394</u>	<u>394</u>
<b>Total equity</b>		<u>65,824</u>	<u>71,577</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	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 2018</b>	<b>1,600</b>	<b>41,129</b>	<b>71,458</b>	<b>110</b>	<b>(43,114)</b>	<b>394</b>	<b>71,577</b>
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>
<b>At 1 January 2017</b>	1,600	41,129	71,458	1,502	(25,411)	396	90,674
Loss for the period	-	-	-	-	(5,560)	-	(5,560)
Exchange difference on translation of financial statements of foreign operations	-	-	-	(1,050)	-	-	(1,050)
Other comprehensive income for the period	-	-	-	(1,050)	-	-	(1,050)
Total comprehensive income for the period	-	-	-	(1,050)	(5,560)	-	(6,610)
<b>At 30 June 2017 (unaudited)</b>	<b>1,600</b>	<b>41,129</b>	<b>71,458</b>	<b>452</b>	<b>(30,971)</b>	<b>396</b>	<b>84,064</b>



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>10,566</b>	<b>(4,977)</b>
<b>Net cash used in investing activities</b>	<b>(1,279)</b>	<b>(4,836)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,287</b>	<b>(9,813)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>349</b>	<b>(1,119)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>42,459</b>	<b>76,209</b>
<b>Cash and cash equivalents at end of period</b>	<b>52,095</b>	<b>65,277</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 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 P.O. Box 309, Uglund 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 (the "**Shares**") were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 January 2016 (the "**Listing Date**").

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

## 2. BASIS OF PREPARATION AND PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. These condensed consolidated interim financial statements were authorised for issue on 13 August 2018.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 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 2018. 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 2017 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 2017 annual financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. BDO Limited's independent review report to the Board of Directors is included on page 3.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 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 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 Financial Instruments (see note 3A below) and HKFRS 15 Revenue from Contracts with Customers (see note 3B below) have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

### A. HKFRS 9 Financial Instruments ("HKFRS 9")

#### (i) *Classification and measurement of financial instruments*

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised costs                      Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39 HK\$'000	Carrying amount as at 1 January 2018 under HKFRS 9 HK\$'000
Amounts due from non-controlling shareholders of a subsidiary	Loans and receivables	Amortised cost	400	400
Prepayments, deposits and other receivables	Loans and receivables	Amortised cost	1,071	1,071
Trade receivables	Loans and receivables	Amortised cost	14,094	14,094
Cash and cash equivalents	Loans and receivables	Amortised cost	42,459	42,459

(ii) *Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognise ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

No additional impairment for trade and other receivables as at 1 January 2018 is recognised as the amount of additional impairment measured under the ECLs model is immaterial.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## *Measurement of ECLs*

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade and other receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

## *Presentation of ECLs*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## *Impact of the ECL model*

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 January 2018 and during the six months period ended 30 June 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

Other financial assets at amortised cost of the Group including other receivables, deposits for commodity forward contracts and amount due from a related company. No additional impairment for these financial assets as at 1 January 2018 and during the six months period ended 30 June 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

## *(iii) Transition*

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## B. HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”)

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method with practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

Under HKFRS 15, an entity normally recognizes revenue when a performance obligation is satisfied. Impact of HKFRS 15 on the revenue recognition may take into consideration when multiple performance obligations are identified. Based on its assessment, the Group has not identified multiple performance obligations and expects no material impact upon adoption of HKFRS 15 to the financial statements other than the presentation of additional disclosure.

Details of the new significant accounting policies in relation to the Group’s various goods and services are set out below:

- Game operation income is recognised in profit or loss over the time that gaming services are provided to the Paying Players (“**Paying Players**”).

Upon the sales of game credits or in-game virtual items, the Group typically has an implied obligation to provide the services which enable the game credits or in-game virtual items to be displayed, used or converted into other in-game virtual currencies/items in the games. As a result, the proceeds received from sales of game credits or in-game virtual items are initially recorded as deferred revenue in current liabilities. The attributable portion of the deferred revenue relating to values of the game credits consumed and in-game virtual items converted are immediately or ratably recognised as revenue only when the services are rendered to the respective Paying Players.

For the purposes of determining when services have been provided to the respective Paying Players, the Group has determined the following:

Consumable in-game virtual items represent items that are extinguished after consumption by a specific game player action. The Paying Players will not continue to benefit from the in-game virtual items thereafter. Revenue is recognised (as a release from deferred revenue) when the items are consumed and the related services are rendered.

Durable in-game virtual items represent items that are accessible and beneficial to Paying Players over an extended period of time. Revenue is recognised ratably over the average life of durable in-game virtual items for the applicable game, which the Group makes best estimates to be average playing period of Paying Players (“**Player Relationship Period**”).

- Game publishing income is recognised in profit or loss at the point of time when the Paying Players purchase the game credits for the relevant games on a platform of the Group.

The Group has evaluated and determined that it is not the primary obligor in the services rendered and is therefore, acting as an agent in publishing these games. Accordingly, the Group recognises its revenue, net of the portion of sharing of revenue with the third party game developers or operators when the Paying Players purchase the game credits for the relevant games.

- Licence fee income, including any fixed upfront licensing fee income, is recognised in profit or loss over time on a straight-line basis over the period of the license agreement.
- Royalty income from the licensing arrangements is recognised in accordance with the terms of agreements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

The promise to grant a licence to a customer is not distinct from other promised goods or services in the same contract. The Group accounting for the promise as a single performance obligation. The Group's promise in granting the licence to a customer is to provide the customer with a right to access the Group's intellectual property as it exists throughout the licence period.

## 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, 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 2017 annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 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 recognized over time while the game publishing income is recognized 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	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
By country/region				
Hong Kong	20,843	10,827	55,808	25,740
Taiwan	2,106	2,035	3,307	4,220
Others	10	303	33	353
	<u>22,959</u>	<u>13,165</u>	<u>59,148</u>	<u>30,313</u>

### Information about major customers

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 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	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Revenue</b>				
Game operation income	22,325	11,620	57,790	27,233
Game publishing income	410	1,472	1,072	2,867
Royalty income	-	12	-	23
License fee income	224	61	286	190
	<u>22,959</u>	<u>13,165</u>	<u>59,148</u>	<u>30,313</u>
<b>Other income</b>				
Interest income	15	3	16	5
Other income	70	82	113	125
	<u>85</u>	<u>85</u>	<u>129</u>	<u>130</u>
	<u><u>23,044</u></u>	<u><u>13,250</u></u>	<u><u>59,277</u></u>	<u><u>30,443</u></u>

## 7. LOSS BEFORE INCOME TAX

This is arrived at after charging the followings:

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Under cost of services rendered:</b>				
Amortisation of intangible assets	1,800	828	3,708	2,097
Royalty expenses	12,597	2,120	21,727	4,552
<b>Under administrative expenses:</b>				
Operating lease charges	694	802	1,475	1,541
Depreciation of property, plant and equipment:				
– Under cost of services rendered	331	348	686	705
– Under administrative expenses	296	309	586	545
	<u>627</u>	<u>657</u>	<u>1,272</u>	<u>1,250</u>
Staff costs excluding directors' remuneration:				
– Salaries and allowances	1,721	3,073	7,473	6,544
– Contributions on defined contribution retirement plan	255	272	568	546
– Discretionary bonuses	290	290	290	290
	<u>2,266</u>	<u>3,635</u>	<u>8,331</u>	<u>7,380</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 8. INCOME TAX EXPENSE

No Profits Tax for the Taiwan branch has been provided as the Taiwan branch has not generated any tax assessable profits in Taiwan for the period (2017: Nil).

No provision for Hong Kong Profit Tax was made as the Group has not generated any assessable profits in Hong Kong for the period (2017: 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 (2017: 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 2018 (six months ended 30 June 2017: Nil).

## 10. LOSS PER SHARE

The calculation of basic loss per share for periods in 2018, is based on the loss attributable to the owners of the Company and on the number of 160,000,000 ordinary shares (six months ended 30 June 2017: 160,000,000 ordinary shares) in issue, being the number of shares of the Company as at 30 June 2018. Given that there was no movement in the number of ordinary shares in issue during the period, the weighted average number of shares used for the purpose of calculation of the basic loss per share is 160,000,000 for both three months ended 30 June 2018 and six months ended 30 June 2018 (three months ended 30 June 2017 and six months ended 30 June 2017: 160,000,000 ordinary shares).

No diluted loss per share is calculated for the six months ended 30 June 2018 (2017: Nil) as there was no potential dilutive ordinary share in existence.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group spent approximately HK\$175,000 on acquisition of property, plant and equipment (six months ended 30 June 2017: approximately HK\$680,000).

## 12. INTANGIBLE ASSETS

During the six months ended 30 June 2018, the Group spent approximately HK\$1,135,000 on acquisition of intangible assets (six months ended 30 June 2017: approximately HK\$4,160,000) and no impairment loss on intangible assets was provided for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK\$302,000).

## 13. TRADE RECEIVABLES

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Trade receivables	<b>5,656</b>	14,094

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Not more than 30 days	<b>3,406</b>	11,233
30-60 days	<b>2,125</b>	2,624
Over 60 days	<b>125</b>	237
	<b><u>5,656</u></b>	<u>14,094</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 2017 and 30 June 2018, 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 2017 and 30 June 2018	<u>160,000,000</u>	<u>1,600</u>

## 16. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2018 (Unaudited) HK\$'000</b>	2017 (Unaudited) HK\$'000	<b>2018 (Unaudited) HK\$'000</b>	2017 (Unaudited) HK\$'000
Total remuneration of directors and other members of key management during the period was as follows:				
Fees, salaries, staff welfare benefits and discretionary bonus (short term employee benefits)	<b>1,004</b>	3,254	<b>4,190</b>	4,370
Defined contribution plans (post employment benefits)	<b>31</b>	31	<b>62</b>	62
	<b><u>1,035</u></b>	<u>3,285</u>	<b><u>4,252</u></b>	<u>4,432</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 17. OPERATING LEASE COMMITMENTS

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

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Within one year	<b>1,895</b>	2,378
In the second to fifth years	<b>2,080</b>	319
	<b><u>3,975</u></b>	<u>2,697</u>

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

## 18. CAPITAL COMMITMENTS

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Contracted but not provided for – Acquisition of intangible assets	<b><u>3,477</u></b>	<u>4,017</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

We are an integrated game developer, operator and publisher focusing on the market of Hong Kong and Taiwan. We operate and publish our self/co-developed and licensed games in Hong Kong and Taiwan primarily through our game distribution platforms as well as other third-party distribution platforms. We collect payments from players either through our own game platform, third-party distribution platforms such as Apple Store and Google Play, or third-party payment vendors, which include convenience stores selling 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 2018, the Group recorded a net loss of approximately HK\$6.1 million as compared to a net loss of approximately HK\$5.6 million for the same period in 2017. The Directors are of the view that the downturn experienced by the Group during this half year was due to a tougher competitive condition in the mobile game industry faced by the Group in Hong Kong and Taiwan, and increase in cost of sales of royalty expenses and channel fee. 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 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 increased by approximately 95.0% from approximately HK\$30.3 million for the six months ended 30 June 2017 to approximately HK\$59.1 million for the six months ended 30 June 2018, primarily attributable to approximately HK\$28.8 million increase in our game operation income, mainly from our new licensed mobile game namely Demi-Gods and Semi-Devils (Mobile version) (天龍八部手機版).

### Cost of services rendered

The Group's cost of services rendered for the six months ended 30 June 2018 was approximately HK\$48.0 million, representing an increase of approximately 158.1% from approximately HK\$18.6 million for the corresponding period in 2017, primarily attributable to the combined effect of (i) an approximately HK\$9.1 million increase in channel fees; (ii) an approximately HK\$17.1 million increase in royalty expenses primarily resulted from an increase in our game operation income and one-off royalty bonus from our licensed mobile game, Demi-Gods and Semi Devils (Mobile version) (天龍八部手機版), for the six months ended 30 June 2018; and (iii) an approximately HK\$1.6 million increase in amortization of our intangible assets during the six months ended 30 June 2018.

### Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2018 was approximately HK\$11.2 million, representing a decrease of approximately 4.3 % from approximately HK\$11.7 million for the six months ended 30 June 2017, primarily due to an increase in royalty expenses and channel fee of our licensed mobile games. The Group's gross profit margin for the six months ended 30 June 2018 was approximately 19.0%, representing decrease of approximately 19.6 percentage points compared to approximately 38.6% for the six months ended 30 June 2017. The decrease in the Group's gross profit margin was primarily due to the increased 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 2018 were approximately HK\$8.1 million, representing an increase of approximately 20.9% from approximately HK\$6.7 million for the corresponding period in 2017, primarily attributable to an increase in promotion and advertising expenses for the licensed mobile game, Demi-Gods and Semi-Devils (Mobile version) (天龍八部手機版).

### Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2018 were approximately HK\$9.3 million, representing decrease of approximately 11.83% from approximately HK\$10.4 million for the six months ended 30 June 2017, primarily attributable to a decrease in legal and professional fees.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Loss for the period

The Group recorded a loss for the six months ended 30 June 2018 of approximately HK\$6.1 million as compared with a loss of approximately HK\$5.6 million for the corresponding period in 2017, primarily attributable to the combined effect of (i) an approximately HK\$0.5 million decrease in the gross profit for six months ended 30 June 2018 primarily attributable to an increase in the royalty expenses and channel fee from the Group's licensed mobile games; and (ii) an increase in promotion and advertising expenses for the licensed mobile game, Demi-Gods and Semi-Devils (Mobile version) (天龍八部手機版).

## USE OF NET PROCEEDS FROM THE PLACING UPON LISTING

The net proceeds from the Company's placing upon listing on the Listing Date amounted to approximately HK\$25.6 million. Such net proceeds are intended to be and have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As of 30 June 2018, the net proceeds had been fully utilized as stated in the annual report of the Company for the financial year ended 31 December 2017.

## CAPITAL STRUCTURE

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

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operations primarily through cash generated from our operating activities. During the six months ended 30 June 2018, we did not have any bank borrowings. As at 30 June 2018, we had cash and cash equivalents of approximately HK\$52.1 million (31 December 2017: approximately HK\$42.5 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 2018.

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 2018.

## SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 June 2018, 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 2018.

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2018, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (30 June 2017: Nil).

## CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities (30 June 2017: Nil).

## COMMITMENTS

Our contract commitments mainly involve leases of office properties and acquisition of intangible assets. As at 30 June 2018, the Group's operating leases were approximately HK\$4.0 million (31 December 2017: approximately HK\$2.7 million) and capital commitments for acquisition of intangible assets were approximately HK\$3.5 million (31 December 2017: approximately HK\$4.0 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 2018, the Group had 79 employees (30 June 2017: 78) working in Hong Kong, Taiwan and 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, allowances and mandatory provident funds contributions of the Directors) for the six months ended 30 June 2018 amounted to approximately HK\$11.3 million (30 June 2017: approximately HK\$10.4 million). The dedication and hard work of the Group's staff during the six months ended 30 June 2018 are generally appreciated and recognized.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## OTHER INFORMATION

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

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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/ Interest of spouse	29,004,337	18.13%

Notes:

- 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 beneficially owns.
- 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 2018, 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 2018, 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 our Company
Mr. Wong Kiam Seng ( <i>Note 1</i> )	Interest of controlled corporation	66,787,235	41.74%
PCIL ( <i>Note 2</i> )	Beneficial owner	66,787,235	41.74%
PC Asia ( <i>Note 2</i> )	Interest of controlled corporation	66,787,235	41.74%
Mrs. Sze ( <i>Note 3</i> )	Interest of controlled corporation/ Interest of spouse	29,004,337	18.13%
Right One ( <i>Note 4</i> )	Beneficial owner	29,004,337	18.13%
Nineyou International Limited ( <i>Note 5</i> )	Beneficial owner	18,367,182	11.48%
New Horizon Capital, L.P. ( <i>Note 5</i> )	Interest of controlled corporation	18,367,182	11.48%
Heartland Investment Limited ( <i>Note 5</i> )	Interest of controlled corporation	18,367,182	11.48%

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## GEARING RATIO

As at 30 June 2018, the gearing ratio of the Group, calculated as total liabilities, divided by total assets, was approximately 28.6% (31 December 2017: approximately 26.0%).

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

During the six months ended 30 June 2018, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## NON-COMPETITION UNDERTAKINGS

Each of Ms. Wong, Mr. Wong and Mr. Sze (together called, the “**Covenanted Shareholders**”) have confirmed to the Company of their respective due compliance with the terms of the Deed of Non-Competition since the Listing Date and up to the date of this report.

Our independent non-executive Directors have reviewed compliance of the Deed of Non-Competition and were satisfied that the terms of the Deed of Non-Competition had been duly complied with and enforced since the Listing Date and up to the date of this report.

During the six months ended 30 June 2018, the Board had not received any written confirmation from any of our Directors in respect of interest in any business (other than our Group) which is or is likely to be directly or indirectly in competition with our business.

## CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 15 to the GEM Listing Rules. Throughout 1 January 2018 to 30 June 2018 (the “**Period**”), to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code.



# MANAGEMENT DISCUSSION AND ANALYSIS

## DIRECTORS' SECURITIES TRANSACTIONS

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

## SHARE OPTION SCHEME

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

For the six months ended 30 June 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

## INTERESTS OF THE COMPLIANCE ADVISOR

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

## AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2018 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, 13 August 2018

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