中國手遊文化投資有限公司
China Mobile Games and Cultural Investment Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8081)

Annual Report 2014

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This report will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at http://www.cmgc.com.hk.

Content

Corporate Information

EXECUTIVE DIRECTORS
Mr. Zhang Xiongfeng *(Chairman)*
Mr. Zhang Peiao *(Chief Executive Officer)*
Mr. Hung Kenneth

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wong Siu Keung, Joe
Mr. Wong Ching Yip
Mr. Luk Chi Shing

COMPLIANCE OFFICER
Mr. Hung Kenneth

AUTHORISED REPRESENTATIVES
Mr. Hung Kenneth
Ms. Lam Ching Yee

COMPANY SECRETARY
Ms. Lam Ching Yee, *CPA*

AUDIT COMMITTEE
Mr. Wong Siu Keung, Joe *(Committee Chairman)*
Mr. Wong Ching Yip
Mr. Luk Chi Shing

REMUNERATION COMMITTEE
Mr. Wong Siu Keung, Joe *(Committee Chairman)*
Mr. Wong Ching Yip
Mr. Luk Chi Shing

NOMINATION COMMITTEE
Mr. Wong Siu Keung, Joe *(Committee Chairman)*
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Mr. Luk Chi Shing

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Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**"), I hereby present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2014. During the year under review, the Group recorded revenue of approximately HK$236,970,000 (2013: HK$99,557,000), representing an increase of 138% as compared with the corresponding period in last year. The loss attributable to the shareholders of the Company was approximately HK$26,189,000 (2013: HK$8,847,000).

CONSOLIDATE THE STRENGTH IN THE MOBILE GAME MARKET WITH POTENTIAL GROWTH

2014 was a year of critical significance in the development of the Group. The Group has successfully undergone a business transformation from sale of IT hardware products to the mobile-online game and games related marketing services business through a series of acquisitions and signing of cooperation and license agreements.

The investment in Mighty Eight Investments Limited ("**Mighty Eight**"), its subsidiaries and controlled companies ("**Mighty Eight Group**") marked the successful investment for the Group in the mobile game market. Driven by its strong game development capability, Mighty Eight Group has proven record of operating and publishing successful mobile games. In the Second International Mobile Game Forum ("**IMGF**") (第二屆國際移動遊戲大會) in 2014, Mighty Eight Group was awarded with "New Coming Mobile Game Enterprise of the Year", which validated its status as a well-known brand in the mobile game industry. In January 2015, an official licensed mobile-online game of the National Basketball Association "NBA Hero" (NBA英雄) was launched by Mighty Eight Group in the Apple Inc.'s APP Store. We are looking forward that NBA Hero will become one of the popular games in the mobile game market and believe that its launching will bring a positive and stable return to Mighty Eight Group and so as to the Group.

In light of the increasing penetration of mobile devices and the development of mobile network in the People's Republic of China (the "**PRC**") which has driven the growth of mobile games development and created business opportunities for advertisement through mobile network, the Group's has broaden its offerings to include games related integral marketing, by entering into capital injection agreement with Shanghai Zhiqu Advertisement Co., Ltd. (上海智趣廣告有限公司). The Group holds an optimistic outlook to such offerings in view of the blooming of mobile network and we are glad to capture this opportunity timely to enable us to grow further.

Chairman's Statement

PROSPECTS

In the coming decade, it is expected that the development of mobile internet will fundamentally change people's lives and entertainment preferences. A lot of business opportunities will be created in the market while the competition will be intensified. In the coming year, the Group will continue to diversify its business and to explore the opportunities in the areas of games, movies, children education campaigns and other cultural resources as part of its business development. The Group will also seek to license high quality intellectual properties, so as to realise the pan-entertainment business strategy.

With the Group's seasoned management team and strategic development vision, we are confident that the Group will be able to capture lucrative opportunities arising in the mobile game markets.

APPRECIATION

I would like to extend my sincere gratitude to our experienced and professional staff, our supporting shareholders and business partners for their continued contributions.

Zhang Xiongfeng
Chairman

25 March 2015

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

For the year ended 31 December 2014, the principal activities of the Group were (i) mobile-online game business and provision of games related integral marketing services; (ii) provision of IT services; (iii) money lending business; (iv) provision of medical diagnostic and health check services; and (v) securities investments business.

For the year ended 31 December 2014, the Group recorded revenue of approximately HK$236,970,000 (2013: HK$99,557,000), representing an increase of approximately 138% as compared with last year. The dramatic increase was mainly attributable to the Group's health check business and provision of games related integral marketing services, which were commenced in October 2013 and September 2014 respectively.

The net loss attributable to shareholders of the Company for the year ended 31 December 2014 amounted to approximately HK$26,189,000 (2013: HK$8,847,000). Notwithstanding that (a) the profit recorded by the Group's health check business (noting that the Group only commenced such business since October 2013) for the year ended 31 December 2014 of approximately HK$7,429,000 (2013: loss of approximately HK$3,178,000); (b) the share of results of Mighty Eight Group of approximately HK$6,573,000 (2013: Nil), which became an associate of the Company in September 2014; and (c) the profit of approximately HK$2,474,000 (2013: Nil) recorded from the Group's business of provision of games related integral marketing services since the Group's capital injection in 上海智趣廣告有限公司 (in English, for identification purpose, Shanghai Zhiqu Advertisement Co., Ltd.) ("**Zhiqu**") in September 2014, the Group recorded a substantial consolidated loss attributable to shareholders of the Company for the year ended 31 December 2014, as compared with last year, mainly attributable to (i) the impairment loss on available-for-sale investments of approximately HK$23,120,000 (2013: Nil) for the year ended 31 December 2014; (ii) the share-based payment costs of approximately HK$4,844,000 (2013: Nil) being incurred due to the grant of share options by the Company during the year ended 31 December 2014; and (iii) the fact that for the year ended 31 December 2014, the Group did not record any gain on bargain purchase, which amounted to approximately HK$8,368,000 for the year ended 31 December 2013.

Mobile-online Game Business and Provision of Games Related Integral Marketing Services

The Group aims to develop as one of the leading players in mobile-online game industry. During the year under review, the Group has been ardently investing and developing the burgeoning mobile game business and related services offering to implement the new business objective. Revenue generated from this business segment for the year under review was approximately HK$45,653,000 (2013: Nil), which was contributed by the provision of games related integrated marketing services and accounted for approximately 19% of the Group's revenue. This segment recorded a profit of approximately HK$6,766,000 (2013: Nil) which was mainly attributable from the share of the results of investment in Mighty Eight Group and profit from provision of games related integrated marketing services. The Group has paved its way in the mobile game market and its related services offerings and will cautiously strengthen the internal management to improve its overall operational capability and enhance its competitiveness in the mobile game market.

1. *Games related integral marketing services*

   In September 2014, the Group has made capital injection into Zhiqu, a PRC company which is principally engaged in the provision of games related integral marketing services. In light of the increasing penetration of mobile devices, the improvement in mobile network and the booming of social network in China which lead to rapid growth of mobile game market in China, the Directors believe that there will be plenty of opportunities to provide games related integral marketing services.

2. *Investment in Mighty Eight*

In June, July and September 2014, the Group completed a series of acquisitions of an aggregate of 24% issued share capital of Mighty Eight ("**Mighty Eight Acquisitions**") for an aggregate consideration of HK$210,170,000. Since September 2014, such investment is reclassified from an available-for-sale investment into an associate of the Group.

The major subsidiaries and controlled companies of Mighty Eight include Something Big Technology Company Limited, 帝覺(上海)網絡科技有限公司 (PrimeVision Tech Company Limited*), 上海頑迦網絡科技有限公司 (Shanghai Wanjia Network Technology Co., Ltd.*) and 上海顛視數碼科技有限公司 (Shanghai Something Big Technology Co., Ltd.*), which are principally engaged in design, development, marketing and distribution and operation of mobile-online games.

Mighty Eight Group is well known by its original SanGuo-themed games "SanGuo-Mobile" (手機三國). In 2014, "SanGuo-Mobile" continued to perform well since its launch in 2011 and has proven record of successful game operation for 4 years. During the year under review, two other mobile-online games "Voyage-Mobile" (手機大航海, also known as 航海爭霸) and "Sanguo Card" (Q卡三國) developed by Mighty Eight Group were launched in various digital distribution platforms, including Apple Inc's "App Store" and Google Play, in the PRC and South East Asia markets. In November 2014, Mighty Eight Group was awarded with "New Coming Mobile Game Enterprise of the Year" in the Second International Mobile Game Forum ("**IMGF**") held by China Cultural Industry Association, which validated its status as a well-known brand in the mobile game industry.

Mighty Eight Group, driven by its strong game development technology with accumulated game development engines, tools and common modules, focused and kept on designing and developing new games with innovative in-game experiences. In 2014, Mighty Eight Group was developing an official licenced mobile-online game of National Basketball Association ("**NBA**") "NBA Hero" which innovatively integrated the "three kingdom" elements to the NBA sports games, and was awarded with the "Most Anticipated Sports Game of the Year" in the IMGF and the "2014 Most Anticipated Game Gold Apple Award" in 2015 10th TFC Global Mobile Game Conference held by Shang Fang Hui (上方匯 Top Fun Club).

Other than game development, Mighty Eight Group has initiated a new business strategy in 2014 to publish and distribute games developed by third-party developers. In September 2014, Mighty Eight Group published a mobile-online RPG game "天天掛機" (Tian Tian Gua Ji*) in the regions of Hong Kong, Macau and Taiwan.

Pursuant to the terms of the sale and purchase agreements for the Mighty Eight Acquisitions, Century Grand Holdings Limited as vendor, has guaranteed to Best Faith Limited (a wholly-owned subsidiary of the Group) as purchaser that, among others, the Might Eight Group's aggregate amount of the audited net operating profit after tax, after adjustments for, (i) any non-recurring and exceptional gains that are not related to the ordinary business of any of Mighty Eight Group; and (ii) any expenses that are relating to the preparation for the listing of Mighty Eight or its holding company on any recognised stock exchange, in each case, as deduced from the audited consolidated financial statements of Mighty Eight for the relevant year ("**Audited NOP**"), for the two years ended 31 December 2014 shall not be less than 95% of the target amount of RMB136,000,000 (i.e. RMB129,200,000) (the "**First Guaranteed Profit**"). Based on the audited consolidated financial statements of Mighty Eight for the year ended 31 December 2014, the Audited NOP for the guaranteed period of the two years ended 31 December 2014 is approximately RMB120,261,000. Since the First Guaranteed Profit was not met, a compensation ("**Compensation**") of the shortfall of the profit guarantee of approximately HK$4,801,000 was recognised in the Group's statement of profit or loss for year ended 31 December 2014, which is equivalent to the difference between the aggregate Audited NOP for two years ended 31 December 2014 and the target amount of RMB136,000,000 in proportion to the Group's 24% equity interests in Mighty Eight, using the fixed exchange rate of RMB1 to HK$1.2711.

* *English translated name is for identification only*

The Compensation is payable by Century Grand Holdings Limited to Best Faith Limited within 30 days after the audited consolidated financial statements of Mighty Eight for the financial year ended 31 December 2014 is available to Best Faith Limited. As at the date of this report, Best Faith Limited has requested for such payment from Century Grand Holdings Limited. Details of the formula for the calculation of the Compensation are set out in the announcements of the Company dated 29 January 2014 and 13 August 2014 and the circular of the Company dated 19 June 2014.

3. *Mobile-online game development by the Group*
   On 30 June 2014, the Group established a wholly foreign owned enterprise, namely 迹象信息技術(上海)有限公司 (Jixiang Information Technology (Shanghai) Co., Ltd.*), in the PRC and has commenced the design and development of a zuma type RPG mobile-online game namely "Zuma Hero".

4. *Other mobile-online game investments and licence*
   In August and December 2014, the Group completed the subscription of 12.5% enlarged issued share capital of Youle Holdings Limited ("**Youle Holdings**") and 20% enlarged issued share capital of Wang Yan Network Limited ("**Wang Yan**") respectively. These investments are classified as associates of the Group.

   Youle Holdings Limited is the holding company of 上海蠻錘數碼科技有限公司 (Shanghai WildHammer Digital Technology Co., Ltd.) ("**Wildhammer**"), which in turn is the sole owner of the copyright and other intellectual property rights of the mobile-online game "The Rune Rush" (戰略傳奇, also known as 囂張大冒險). Such game has been undergoing optimization progress since August 2014 to resolve its technical issues. If the major technical issue cannot be resolved or if certain operating metrics are significantly below expectation, the game "The Rune Rush" may be abandoned or resold for profits by Wildhammer. As such, an impairment loss on investment in Youle Holdings of approximately HK$4,309,000 was recognised for the year.

   On the other hand, in 2014, Wang Yan and its subsidiaries are designing and developing a new RPG mobile-online game namely 踢爆那西遊 (Kicking Journey to the West*).

   In addition to strategic investment in mobile-online game designer and operator, the Group is also actively looking for potential intellectual property rights to develop mobile-online games during the year under review, which includes the entering into of the licence agreement by the Group and Jade Dynasty Publications Limited ("**Jade Dynasty**") pursuant to which Jade Dynasty granted the exclusive licence to the Group for the development of mobile games and other derived products based on the contents of the designated comics. The Group had been in negotiation with Jade Dynasty on the selection of contents for development of mobile games products during the year. As at the date of this report, the Group has not yet concluded the contents for development of mobile game products with Jade Dynasty, and with the consent of Jade Dynasty, the development period under the licence agreement has been extended to 14 September 2015.

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Management Discussion and Analysis

Health Check Business

The Group had offered a wide spectrum of quality healthcare services to general public in Hong Kong through the nine health check centres and two laboratories, operated by Luck Key Investment Limited ("**Luck Key**", together with its subsidiaries, "**Luck Key Group**") and its subsidiaries, which were acquired by the Group on 30 September 2013. During the year under review, the health check business generated revenue of approximately HK$188,049,000 (2013: HK$46,134,000, from 30 September 2013 to 31 December 2013). The net profit of the segment amounted to approximately HK$7,429,000 (2013: net loss of HK$3,178,000, from 30 September 2013 to 31 December 2013).

The revenue of Luck Key Group in 2014 amounted to approximately HK$188,049,000, representing a 8.1% increase comparing to that of in 2013 of approximately HK$173,961,000 (which includes the revenue of Luck Key Group before it was acquired by the Group on 30 September 2013). Coupled with the decrease in depreciation expense, this segment has turned around from loss into profit during the year.

In August 2014, the Group's interest in Luck Key was reduced by approximately 9.9% (the "**First Luck Key Disposal**") following the subscription of shares in Luck Key by Town Health (BVI) Limited, a wholly-owned subsidiary of Town Health International Medical Group Limited ("**Town Health**"), a company listed on Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock code: 3886). The First Luck Key Disposal enabled the Luck Key Group to raise capital.

On 31 December 2014, Luck Key entered into a conditional sale and purchase agreement with Town Health Healthcare Services Limited, a wholly-owned subsidiary of Town Health, to acquire 70% issued share capital of Ever Full Harvest Limited ("**Ever Full**") and a shareholder's loan at the aggregate consideration of HK$11,882,000, which shall be satisfied by the allotment and issue of consideration shares by Luck Key to Town Health Healthcare Services Limited. The transaction was completed on 27 February 2015 and the Group's interest in Luck Key was further reduced from approximately 90.1% to 65.0% (the "**Second Luck Key Disposal**"). Ever Full's subsidiary i.e. Hong Kong Cyclotron Laboratories Limited is principally engaged in the manufacturing of PET Radiopharmaceuticals for medical use and is the major supplier of raw materials (including 18F-FDG) for the Group's health check business. The acquisition of Ever Full by Luck Key Group will allow the supply of 18F-FDG to the Luck Key Group be assured, maintained and coordinated in a more efficient and effective manner, taking into account the demand for the products of Ever Full and its subsidiaries by other members of the Luck Key Group and as such will enhance operational efficiency of the Group's health check business.

The Directors considered that such two disposals created a synergetic effect to the Group's health check business by leveraging on the expertise of Town Health in respect of provision and management of healthcare services which will benefit and complement the business development of the Group's health check business in Hong Kong. The Directors are regularly reviewing the operations of health check centers and strive to improve the operational efficiency of its health check business so as to enhance its competitiveness in the market and profitability.

Money Lending Business

During the year under review, the Group's loan portfolio comprised of secured and unsecured loans. Revenue from interest income and other related income was approximately HK$131,000 (2013: HK$4,936,000). The average interest rate charged by the Group during the year under review was approximately 29% per annum.

Management Discussion and Analysis

In January and June 2014, the Group had disposed of Computech Online Limited and its subsidiaries, China Rich Finance Limited respectively, which are engaged in the money lending business. In October 2014, one of the Group's wholly-owned subsidiaries had obtained another money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry on its money lending business. The Group is primarily focusing its resources on the investment in mobile-online game business and development of mobile-online games, and as at the end of the reporting period, there was no loan receivables yet to be collected. The Group will pay close attention to the market conditions so as to capture business opportunities in this segment when the Group has sufficient cash for the operation in money lending business.

Securities Investments

The Group's investment portfolio mainly comprises investments in listed securities. During the year under review, this segment recorded a loss of approximately HK$23,469,000 (2013: HK$239,000).

During the year under review, the Group acquired a total of 170,000,000 shares of the issued share capital of Universe International Holdings Limited ("**Universe International**" together with its subsidiaries "**Universe International Group**"), the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1046). Universe International Group is principally engaged in the distribution of films in various videogram formats, film exhibition, licensing and sub-licensing of film rights, leasing of investment properties, securities investment and money lending. As at 31 December 2014, the Group held approximately 6.84% of the issued share capital of Universal International. As the fair value of Universe International as at 31 December 2014 was lower than the cost, the Group recorded an impairment loss on available-for-sale investments of approximately HK$23,120,000 in the statement of profit or loss. The Group will continue optimizing its investment portfolios and will consider realising its existing securities investments when opportunities arise so as to create value for the shareholders of the Company.

IT Business

The revenue of IT business for the year was approximately HK$3,137,000 (2013: HK$48,487,000) and this segment recorded a profit of approximately HK$64,000 (2013: loss of HK$684,000).

During the year under review, the Group disposed of its entire equity interest in Well In Technology Development Limited and the Group's 90% interest in EPRO Systems (S) Pte Ltd, which are both engaged in the provision of IT services due to their unsatisfactory performance. On the other hand, the Group is exploring potential business opportunity in building and developing an educational platform through mobile applications and computer softwares.

PROSPECTS

In 2014, the mobile game market moved towards a higher level in terms of sophistication and globalization. With the increasing popularity of various innovative portable devices, including smartphone, a change in consumption pattern in entertainment has been witnessed in the past few years. In the mobile game market, there is an increasing number of mobile game players, and more and more mobile game players are willing to spend money on mobile games. Nevertheless, the mobile-online game industry is highly competitive with low barriers to enter the industry and it was expected there will be more companies to enter this industry and a wider range of games will be introduced. To cater to the diverse preferences of entertainment and encounter the competition in the market, the Group has gradually expanded its focus from mobile-online games to encompass games, movies, children education campaigns and other cultural resources as part of its business development strategy. The Group will not only continue to look for potential investment in mobile-online game designer and operators, but will also seek to license high quality intellectual properties, so as to realise its pan-entertainment strategy.

With respect to game's intellectual property, Mighty Eight Group has launched an official licenced mobile-online game of NBA namely "NBA Hero" on the Apple Inc.'s APP Store in January 2015. Such game was awarded with the "Most Anticipated Sports Game of the Year" in the IMGF and the "2014 Most Anticipated Game Gold Apple Award" in the 2015 10th TFC Global Mobile Game Conference. It was expected that the launch of "NBA Hero" will provide positive and stable return to the Mighty Eight Group and so as to the Group in 2015.

As an integral part of the strategy to broaden the Group's offering of mobile-online games, in November 2014, the Group entered into a capital injection agreement with 上海熱爪數碼科技有限公司 (Shanghai Re Zhua Digital Technology Co., Ltd.*) ("**Re Zhua**"), a company incorporated in the PRC and is principally engaged in the development of mobile-online games pursuant to which the Group has conditionally agreed to inject RMB3 million into Re Zhua.

In the meantime, riding on the synergetic effect of the capital injection in Zhiqu during the year to offer games related integral marketing services, the Group has a positive outlook on integral marketing business and will continue to seek similar business partners to enhance its current market positing as an integral marketing services provider. In January 2015, the Group has acquired 49% of the issued share capital of Cannes Films Cultural Investment Limited, its subsidiary is principally engaged in the provision of integral advertising agency services (including but not limited to video production, event production, marketing solution, digital marketing solution, party production, performer booking, photography and website design) and film production.

Moreover, the Group is also exploring the potential business opportunity to cooperate with 上海賽果文化傳播有限公司 (Shanghai Saiguo Cultural Media Limited*) ("**Saiguo**") in a children education activity. Saiguo is principally engaged in (i) carrying on children educational activities by coordination with various government agencies, educational institutions, social organisations and international enterprises and (ii) the provision of integrated marketing services and public relations activities. The Directors considered that such cooperation would act as a starting point of the Group to build and develop an educational platform through developing mobile applications and computer softwares. It is also believed that, through the cooperation, the Group may develop sustainable business relationship with Saiguo and create commercial value for future cooperation with Saiguo.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2014, the Group held cash and bank balances of approximately HK$53,527,000 (2013: HK$42,125,000) and has short-term borrowings of approximately HK$15,000,000 (2013: Nil) which are repayable within one year. As at 31 December 2014, the net current assets of the Group was approximately HK$56,983,000 (2013: HK$85,445,000). The Group's current ratio, i.e. current assets over its current liabilities, was approximately 2.2 times (2013: 6.8 times).

As at 31 December 2014, the Group's gearing was 0.12 (2013: 0.08), calculated on the basis of total liabilities to total assets.

CAPITAL STRUCTURE

As at 31 December 2014, the Group had shareholders' equity of approximately HK$326,012,000 (2013: HK$161,911,000).

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Placing of new shares under specific mandate

On 12 November 2013, the Company and CNI Securities Group Limited ("**SM Placing Agent**") entered into the conditional placing agreement, pursuant to which the Company had conditionally agreed to place through the SM Placing Agent, on a best endeavour basis, up to 190,000,000 new ordinary shares of HK$0.10 each in the share capital of the Company ("**SM Placing Share**"), to not less than six placees who and whose ultimate beneficial owners are third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK$0.128 per SM Placing Share ("**SM Placing**") ("**SM Placing Agreement**"), which represented: (i) a discount of approximately 15.79% to the closing price of HK$0.152 per share of the Company as quoted on the Stock Exchange on the date of the SM Placing Agreement; and (ii) a premium of approximately 0.16% over the average closing price of HK$0.1278 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares of HK$0.10 each in the share capital of the Company immediately prior to the date of the SM Placing Agreement.

On 27 January 2014, completion of the SM Placing took place in accordance with the terms and conditions of the SM Placing Agreement. The Company received net proceeds of approximately HK$23.1 million from the SM Placing. The net issue price was approximately HK$0.122 per SM Placing Share. The aggregate nominal value of the SM Placing Shares under the SM Placing was HK$1,900,000 after the Capital Reorganisation (as defined below) became effective.

The Directors were of the view that the SM Placing can improve the gearing ratio of the Group as it will enlarge the base of the Company's shareholders' fund. The Directors considered that the SM Placing was in the interest of the Company and the shareholders of the Company as a whole.

The entire net proceeds from the SM Placing had been applied for the acquisition of 5% issued capital of Mighty Eight, details of which are set out in the announcement of the Company dated 29 January 2014.

Capital reduction and share subdivision

On 4 February 2014, the Group announced to implement the capital reorganisations (the "**Capital Reorganisation**") that (i) the par value of each of the issued existing shares will be reduced from HK$0.10 to HK$0.01 each by cancelling the paid up capital to the extent of HK$0.09 per issued existing share (the"**Capital Reduction**") and (ii) immediately following the Capital Reduction becoming effective, each authorised but unissued existing share with a par value of HK$0.10 will be subdivided into ten (10) unissued new shares with par value of HK$0.01 each ("**Share Subdivision**") and (iii) the credits arising from the Capital Reduction will be applied towards setting off the accumulated losses of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to a distributable reserve called the distributable capital reduction reserve account or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company ("**Articles**") and all applicable laws and rules (including the GEM Listing Rules). The Capital Reduction and the Share Subdivision had become effective after 4:30 p.m. (Hong Kong time) on 11 July 2014. Details of the Capital Reorganisation were set out in the Company's circular dated 14 February 2014 and the Company's announcements dated 4 February 2014, 10 March 2014 and 14 July 2014.

Rights issue

On 21 March 2014, the Company announced to raise approximately HK$71.7 million before expenses by way of rights issue, on the basis of one rights share of HK$0.10 each in the share capital of the Company for every two existing shares held on the 23 April 2014 at the subscription price of HK$0.128 per rights share ("**Rights Issue**"). The number of right shares proposed to be issued was 560,428,810 ("**Rights Shares**"). The Company and Win Fung Securities Limited ("**Underwriter**") entered into the underwriting agreement ("**Underwriting Agreement**"), pursuant to which the Underwriter had conditionally agreed to underwrite all the Rights Shares, at a price of HK$0.128 per Rights Share with nominal value of HK$0.10 each, which represented: (i) a discount of approximately 23.35% to the closing price of HK$0.167 per share of the Company as quoted on the Stock Exchange on 20 March 2014, being the full trading date of the shares of the Company on the Stock Exchange immediately prior to the date of Underwriting Agreement ("**Last Trading Day**"); (ii) a discount of approximately 22.52% to the closing price of approximately HK$0.1652 per share of the Company for the five consecutive trading days ended on the Last Trading Day; (iii) a discount of approximately 26.18% to the average closing price of approximately HK$0.1734 per share of the Company for the ten consecutive trading days ended on the Last Trading Day; and (iv) a discount of approximately 16.88% to the theoretical ex-rights price of approximately HK$0.154 per share of the Company based on the closing price of HK$0.167 per share of the Company as quoted on the Stock Exchange on the Last Trading Day. Completion of the Rights Issue took place on 21 May 2014. Details of the Rights Issue were set out in the Company's prospectus dated 24 April 2014 and the Company's announcements dated 21 March 2014 and 20 May 2014.

The entire net proceeds from the Rights Issue was approximately HK$68.8 million and had been applied, as to (i) approximately HK$2 million to pay up the registered capital of a wholly-owned subsidiary of the Company for developing the Group's mobile-online game business; (ii) approximately HK$61.8 million for the acquisition of 13% issued share capital of Mighty Eight, details of which were set out in the circular of the Company dated 19 June 2014 and announcement of the Company dated 14 July 2014; and (iii) approximately HK$5 million for general working capital of the Group.

Issue of shares under general mandate

On 6 June 2014, the Company and China New Economy Fund Limited (the "**Subscriber**") entered into a subscription agreement (the "**Subscription Agreement**") pursuant to which the Subscriber had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue, 224,166,000 new ordinary shares of the Company (the "**Subscription Share**") at the subscription price of HK$0.10 per share (the "**Subscription**"), which represented: (i) a discount of approximately 9.09% to the closing price of HK$0.11 per share of the Company as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 10.87% to the average of the closing price of HK$0.1122 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and (iii) a discount of approximately 12.20% to the average of the closing price of HK$0.1139 per share of the Company as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement.

On 16 June 2014, completion of the Subscription took place in accordance with the terms and conditions of the Subscription Agreement. The net proceeds of the Subscription was HK$22.2 million, representing a net issue price of approximately HK$0.099 per Subscription Share, and (i) as to approximately HK$5.2 million had been applied for funding the consideration of the subscription of 125 new shares in Youle Holdings Limited at the subscription price of an aggregate of RMB4,166,700, details of which were set out in the announcements of the Company dated 28 May 2014 and 14 August 2014; and (ii) as to approximately HK$17 million was intended to apply for general working capital of the Group, of which approximately HK$7 million had been utilised as at the date of this report.

The Directors considered that the Subscription represented good opportunities to raise additional funds at a reasonable cost for the Company. The Subscription also set ground for future business cooperation with the Subscriber if opportunity arises which will be beneficial to the business strategy and development of the Group. The aggregate nominal value of the Subscription Share under the Subscription was HK$2,241,660 after the Capital Reorganisation became effective.

Issue of shares under specific mandate

On 18 June 2014, the Company and Turbo Pointer Limited ("**Turbo Pointer**") entered into a subscription agreement (the "**Turbo Pointer Subscription Agreement**") pursuant to which Turbo Pointer had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue, 381,078,000 new ordinary shares of the Company (the "**Turbo Pointer Subscription**") at the subscription price of HK$0.118 per share, which represented: (i) a discount of approximately 6.35% to the closing price of HK$0.126 per share as quoted on the Stock Exchange on 18 June 2014, being the date of the Turbo Pointer Subscription Agreement; and (ii) the average of the closing price of HK$0.118 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Turbo Pointer Subscription Agreement; and (iii) a premium of approximately 3.24% over the average of the closing price of HK$0.1143 per share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Turbo Pointer Subscription Agreement.

On 21 July 2014, completion of the Turbo Pointer Subscription took place in accordance with the terms and conditions of the Turbo Pointer Subscription Agreement. The net proceeds of the Subscription was HK$44.47 million and had been applied as to (i) approximately HK$20.47 million for the acquisition of additional 6% issued capital of Mighty Eight, details of which are disclosed in the announcements of the Company dated 13 August 2014 and 5 September 2014; and (ii) approximately HK$24 million for early repayment of borrowings of the Group. The net issue price was approximately HK$0.117 per subscription share. The aggregate nominal value of the 381,078,000 subscription shares under the Turbo Pointer Subscription was HK$3,810,780 after the Capital Reorganisation became effective.

The Directors considered that the Turbo Pointer Subscription represented an opportunity to raise additional fund at a reasonable cost to support the Group's investment in the future and reduce the indebtedness of the Group. In addition, the Company believed that as Turbo Pointer is wholly-owned by Mr. Zhang Xiongfeng, an executive Director and the chairman of the Board ("**Chairman**"), Mr. Zhang Xiongfeng will be more committed to the furtherance of the development of the Group's business.

Placing of new shares under refreshed general mandate

On 13 August 2014, the Company and Astrum Capital Management Limited ("**GM Placing Agent**") entered into the conditional placing agreement, pursuant to which the Company had conditionally agreed to place through the GM Placing Agent, on a best endeavour basis, up to 209,592,000 new ordinary shares of HK$0.01 each in the share capital of the Company (the "**GM Placing Share**"), to not less than six placees who and whose ultimate beneficial owners are third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK$0.134 per GM Placing Share (the "**GM Placing**") (the "**GM Placing Agreement**"), which represented: (i) a discount of approximately 19.76% to the closing price of HK$0.167 per share of the Company as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 18.89% to the average closing price of HK$0.1652 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares of the Company immediately prior to the date of the Placing Agreement. The GM Placing Shares was allotted and issued pursuant to the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 12 August 2014.

On 28 August 2014, completion of the GM Placing took place in accordance with the terms and conditions of the GM Placing Agreement. The Company received net proceeds of approximately HK$27.37 million from the GM Placing. The net issue price was approximately HK$0.131 per GM Placing Share. The aggregate nominal value of the GM Placing Share under the GM Placing was HK$2,095,920.

The Directors were of the view that the GM Placing can provide funds for the Group to increase its investment in its mobile-online game business, which is in line with the Group's development strategy to invest in mobile-online game business, the Company's business focus in the mobile-online game business and the Group's objective to become one of the leading players in the mobile-online game industry. The Directors considered that the GM Placing was in the interest of the Company and its shareholders as a whole.

The net proceeds from the GM Placing had been applied for the additional acquisition of 6% issued share capital in Mighty Eight, details of which were set out in the announcements of the Company dated 13 August 2014 and 5 September 2014.

FOREIGN EXCHANGE

The Group mainly generated revenue and incurred costs in Hong Kong dollars and Renminbi. In accordance with the Group's conservative treasure policy, the Group did not invest in any derivative product for hedging during the period. Nevertheless, the Group will keep monitoring the foreign currency risk and consider any tool for hedging where necessary.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2014, the Group did not have any charge on assets.

CAPITAL COMMITMENTS

As at 31 December 2014, the Group had capital expenditure commitments contracted for acquiring property, plant and equipment and the investment in an associate of approximately HK$5,536,000 (2013: HK$294,000). The Group had sufficient internal resources to finance its capital expenditures.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any material contingent liabilities (2013: Nil).

EMPLOYEES REMUNERATION POLICIES

As at 31 December 2014, the Group had approximately 230 employees (2013: 210). Staff (including the Directors) salaries, allowances and bonuses totaled approximately HK$101,376,000 for the year (2013: HK$30,147,000), of which HK$87,196,000 (2013: HK$24,260,000) was attributable to the Group's health check business, which was commenced in October 2013. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

Remuneration of employee is determined by reference to industry practices and performance, qualification and experience of individual employee.

The emolument policy of the Directors are decided by the Board, taking into account recommendation of the remuneration committee of the Board, having regard to merit, qualifications and competence of the Directors.

Management Discussion and Analysis

On top of regular remuneration, discretionary bonus and share options which may be granted to employees and the Directors by reference to the Group's performance as well as individual performance of such employees and/or Directors, other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to the employees.

The Company adopted the share option scheme on 10 November 2010 and the Board is authorised, at its absolute discretion, to grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any Director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group. Details of share options granted and outstanding during the year are set out in the paragraph headed "Share Option Scheme" of the Directors' Report.

* *English translated name is for identification only*

Directors Profile

EXECUTIVE DIRECTOR

Mr. ZHANG Xiongfeng, aged 47, has been appointed as an executive Director and the Chairman on 9 December 2013 and 31 December 2013 respectively. Mr. Zhang is also a director of two subsidiaries of the Company. Mr. Zhang holds a bachelor's of arts degree in German Language awarded by Shanghai International Studies University (上海外國語大學) in July 1990. Mr. Zhang has extensive experience in the investment banking industry specialising in the area of corporate finance. From December 2004 to September 2010, Mr. Zhang was employed at Daiwa Capital Markets Hong Kong Limited. From October 2010 to May 2012, Mr. Zhang was the Joint Head of Corporate Finance of Oriental Patron Asia Limited. Mr. Zhang is a director of Turbo Pointer Limited, which is interested in the shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("**SFO**"), Chapter 571 of the Laws of Hong Kong.

Mr. ZHANG Peiao, aged 39, has been appointed as an executive Director and the chief executive officer of the Company (the "**Chief Executive Officer**") since 30 January 2014. He is also a director of a number of subsidiaries of the Company. Mr. Zhang was graduated from the Shanghai Institute of Tourism* (上海旅遊高等專科學校), which together with Shanghai Normal School of Tourism* (上海師範大學旅遊學院) are treated as one educational institution with two different names, in July 1997. From March 2002 to June 2005, Mr. Zhang was the vice general manager (Shanghai district) for the marketing department of Guangzhou Optisp Co., Ltd.* (廣州光通通信發展有限公司). From June 2005 to December 2013, Mr. Zhang was the senior vice president of KuBao Information Technology (Shanghai) Co., Ltd.* (酷寶信息技術(上海)有限公司) and was responsible for the operation and management, media relations, government relations and legal affairs of China Online Game Service Network* (中國網路遊戲服務網) (www.5173.com).

Since January 2008, Mr. Zhang has been the standing committee member for Interactive Entertainment Specialty Committee of Shanghai Information Service Industry Association* (上海市信息服務業行業協會互動娛樂專業委員) ("**Association**") and has participated in the online game management for the Association, including but not limited to, the formulation and drafting of the Shanghai Online Game Service Joint Enterprise Standard* (上海市網絡遊戲服務聯合企業標準), Shanghai Online Game Service Joint Enterprise Regulation* (上海市網絡遊戲服務規範) and the preparation and development of Online Game Anti-Pirating Green Union* (網絡遊戲反盜號綠色聯盟).

Since September 2013, Mr. Zhang has participated in the management, advisory work and consultancy work for the online and mobile game industry of China Cultural Industry Association* (中國文化產業協會).

Mr. HUNG Kenneth, aged 44, has been appointed as an executive Director of the Company since 18 February 2014. He is also a director of a number of subsidiaries of the Company. Mr. Hung holds a degree of bachelor of science awarded by Woodbury University in June 1995. Mr. Hung has extensive experience in the entertainment industry. From March 2008 to September 2010, Mr. Hung was the China business development director for Golden Sun Films Distribution Ltd.. From October 2010 to June 2012, Mr. Hung was the chief operation officer for Top Action Culture Development Co. Ltd.. From July 2012 to October 2013, Mr. Hung was the business development director for Star Alliance Movies (Beijing) Co., Ltd.. Mr. Hung is currently an independent non-executive director of Oriental Unicorn Agricultural Group Limited (Stock code: 8120) and DX.com Holdings Limited (Stock code: 8086), both of which are companies listed on the GEM of the Stock Exchange.

* *English translated name is for identification only*

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. WONG Siu Keung, Joe, aged 50, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong holds a Degree of Master of Arts in International Accounting from City University of Hong Kong and a Master of Corporate Governance from The Hong Kong Polytechnic University. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong has extensive experience in taxation, accounting, financing, audit field and public listed companies for many years. Mr. Wong is also an independent non-executive Director of China Water Industry Group Limited (Stock code: 1129), a company whose shares are listed on the Main Board of the Stock Exchange. He is the chairman of the audit committee, nomination committee and remuneration committee of the Board.

Mr. WONG Ching Yip, aged 42, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong holds a Degree of Bachelor of Arts in University of Winnipeg in Canada. He has extensive experience in the field of global sales and marketing covering areas including the PRC, the United States of America and Europe. Mr. Wong had been an independent non-executive Director of SMI Publishing Group Limited (the "**SMI**") (Stock code: 8010, currently known as Sing Pao Media Enterprises Limited) a company whose shares are listed on the GEM of the Stock Exchange, for the period from September 2008 to May 2010 and had been re-designated as an executive director of SMI in May 2010 till August 2011. He is a member of the audit committee, nomination committee and remuneration committee of the Board.

Mr. LUK Chi Shing, aged 45, was appointed as the independent non-executive Director on 20 December 2011. Mr. Luk holds a Bachelor Degree of Arts in Accountancy from City University of Hong Kong. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Luk has extensive experience in financial management, auditing and public listed companies for over 15 years. Mr. Luk is currently an executive director of Tai Shing International (Holdings) Limited (Stock code: 8103) and an independent non-executive director of Gamma Logistics Corporation (Stock code: 8310), both of which are companies listed on the GEM of the Stock Exchange. He is a member of the audit committee, nomination committee and remuneration committee of the Board.

Directors' Report

The Directors present herewith their report together with the audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 36 to the consolidated financial statements.

CHANGE OF COMPANY'S NAME

By a special resolution passed on 26 May 2014, the name of the Company was changed from Computech Holdings Limited to China Mobile Games and Cultural Investment Limited.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 48. The Directors do not recommend the payment of a dividend for the year.

FINANCIAL SUMMARY

The summary of the consolidated financial results and the consolidated assets and liabilities of the Group for the last five financial years are set out on page 120.

DONATIONS

Charitable donations made by the Group during the year amounted to HK$523,000.

SUBSIDIARIES

Details of the acquisitions and disposals during the year and particulars of the subsidiaries are set out in notes 29, 30 and 37 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details movements in property, plant and equipment of the Group during the year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in note 21(a) to the consolidated financial statements.

SHARE OPTION SCHEME

Under the terms of a share option scheme (the "**Scheme**") adopted by the Company on 10 November 2010, the Board is authorised, at its absolute discretion, to grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group.

The purpose of the Scheme is to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

Details of the share options granted under the Scheme during the year and outstanding as at 31 December 2014 are as follows:

Grantees	Date of grant	Exercise price per share	Exercisable period	Number of underlying shares of the Company
Director – Zhang Xiangfeng	19 June 2014	HK$0.14	1 January 2016 – 30 June 2016	57,163,573
Director – Zhang Peiao	19 June 2014	HK$0.14	1 January 2016 – 30 June 2016	38,109,049
Employee	19 June 2014	HK$0.14	1 January 2016 – 30 June 2016	19,054,524
Others	19 June 2014	HK$0.14	1 January 2016 – 30 June 2016	76,218,096
				190,545,242

Consideration of HK$1 was paid by each of the grantee on acceptance of the grant of the above options.

Details of the Company's share option scheme are set out in note 28 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 50 and note 22 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the company had reserves available for distribution as set out in note 22, calculated in accordance with the Companies Law of the Cayman Islands.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 35 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:

Mr. Zhang Xiongfeng *(Chairman)*	
Mr. Zhang Peiao *(Chief Executive Officer)*	(appointed on 30 January 2014)
Mr. Hung Kenneth	(appointed on 18 February 2014)
Mr. Kwok Shun Tim	(resigned with effect from 30 January 2014)
Mr. Mak Kwong Yiu	(resigned with effect from 28 April 2014)

Independent non-executive Directors:

Mr. Wong Siu Keung, Joe
Mr. Wong Ching Yip
Mr. Luk Chi Shing

In accordance with Article 87(1) of the Articles, Mr. Zhang Xiongfeng and Mr. Wong Siu Keung, Joe will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

None of the Directors who are being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Each of Mr. Zhang Xiongfeng, Mr. Zhang Peiao, Mr. Hung Kenneth, Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing has been re-appointed for a term of 12 months commencing from 1 January 2015.

CONFIRMATION OF INDEPENDENCE

Pursuant to the requirement of the GEM Listing Rules, the Company has received an annual written confirmation of his independence from each of the independent non-executive Directors. The Company considers that all of the independent non-executive Directors are independent in accordance with rule 5.09 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the interests of Mr. Zhang Xiongfeng, an executive Director in the First Turbo Pointer Subscription Agreement and the Second Turbo Pointer Subscription Agreement, as mentioned under the paragraph headed "RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS" in this report which subsisted during the year, no Director had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the year.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Connected transactions undertaken by the Group during the year are set out below:

(i) On 18 June 2014, the Company entered into at a subscription agreement (the "**First Turbo Pointer Subscription Agreement**") with Turbo Pointer Limited ("**Turbo Pointer**" or "**Subscriber**"), which was then beneficially and wholly-owned by Mr. Zhang Xiongfeng, who was an executive Director and chairman of the Board, pursuant to which the Company conditionally agreed to allot and issue, and Turbo Pointer conditionally agreed to subscribe for, 381,078,000 new ordinary shares of the Company at the subscription price of HK$0.118 per share. As such, Turbo Pointer is a connected person of the Company and the subscription constituted a connected transaction of the Company under the GEM Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The First Turbo Pointer Subscription Agreement and the transactions contemplated thereunder were approved at the extraordinary general meeting of the Company held on 12 August 2014 and completion of the transactions took place on 29 August 2014. Details of the said subscription are set out in the Company's announcements dated 18 June 2014 and 29 August 2014, and the Company's circular dated 21 July 2014.

(ii) On 10 October 2014, the Company entered into another subscription agreement with Turbo Pointer (the "**Second Turbo Pointer Subscription Agreement**"), pursuant to which the Company conditionally agreed to allot and issue, and Turbo Pointer conditionally agreed to subscribe for 354,600,000 new ordinary shares of the Company at the subscription price of HK$0.22 per share. The said subscription was ceased and terminated on 31 January 2015. Details of the said subscription are set out in the Company's announcements dated 10 October 2014, 23 December 2014 and 30 January 2015.

(iii) On 12 November 2014, Absolutely Talent Technology Limited ("**Absolutely Talent**") (a then wholly-owned subsidiary of the Company) entered into the sale and purchase agreement with Mr. Koh Seng Loo ("**Mr. Koh**"), pursuant to which Absolutely Talent had agreed to sell, and Mr. Koh had agreed to acquire, 360,000 shares of EPRO Systems (S) Pte Ltd (representing 90% of the then issued share capital of EPRO Systems (S) Pte Ltd) at the aggregate consideration of HK$300,000. Mr. Koh is a director of EPRO Systems (S) Pte Ltd, which was a non-wholly owned subsidiary of the Company immediately before completion of the said transaction. Accordingly, Mr. Koh is a connected person of the Company and the transaction contemplated under the said sale and purchase agreement constituted a connected transaction for the Company for the purpose of the GEM Listing Rules and was subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules. Details of the said transaction are set out in the Company's announcement dated 12 November 2014.

Details of significant related party transactions undertaken by the Group during the year in the ordinary course of business are set out in note 25 to the consolidated financial statements. Such transactions also fall under the definition of "connected transaction" under Chapter 20 of the GEM Listing Rules. The Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE CONTRACTUAL ARRANGEMENTS OF MIGHTY EIGHT GROUP

During the year under review, the Group has acquired 24% equity interest of Mighty Eight. A wholly-owned subsidiary of Mighty Eight, Something Big Technology Company Limited ("**HK SBT**"), a company incorporated in Hong Kong and another wholly-owned subsidiary of Mighty Eight, 帝覺(上海)網絡科技有限公司 (unofficial English translation being "PrimeVision Tech Company Limited") ("**PrimeVision**"), a company incorporated in the PRC, have been operating their business through contract-based arrangements and/or structures ("**Contractual Arrangements**") for the purpose of enabling the Mighty Eight Group and the shareholders of Mighty Eight, including the Company, as foreign investors to control and benefit from the PRC operating companies ("**OPCO**") of the Mighty Eight Group, i.e. Shanghai Wanjia (as defined below) and Shanghai SBT (as defined below), in the foreign restricted businesses in the PRC.

A summary of the information of the Contractual Arrangements and the OPCO is as follows.

1. 上海頑迦網絡科技有限公司 (unofficial English translation being "Shanghai Wanjia Network Technology Co., Ltd.) ("Shanghai Wanjia") and its subsidiary, 上海顛視數碼科技有限公司 (unofficial English translation being "Shanghai Something Big Technology Co., Ltd.) ("Shanghai SBT") (Shanghai Wanjia and Shanghai SBT collectively as "Shanghai Group")

1.1 Particulars of the OPCO and their registered owners

Shanghai Wanjia is a limited liability company established in the PRC on 17 July 2012. As at the date of this report, Shanghai Wanjia held the entire equity interest in Shanghai SBT, which is a limited liability company established in the PRC.

The registered shareholders of Shanghai Wanjia are Mr. Lu Le ("**Mr. Lu**") (50%) and Mr. Mao Yiqing ("**Mr. Mao**") (50%).

1.2 Description of the OPCO's business

Shanghai Wanjia is principally engaged in the development and operation of mobile-online games business and are considered to be engaged in the provision of value-added telecommunication business (增值電信業務) and Internet culture business. Shanghai Wanjia holds certain network cultural operation licences issued by the relevant authority of the PRC government in relation to the operation of the Shanghai Group, including the value-added telecommunications business operating licence (增值電信業務經營許可證), which is generally known as the "Internet content provider licence" ("**ICP Licence**") and the Online Cultural Business Operation Lincence.

Pursuant to the applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting online games business and are restricted to have any ultimate equity ownership that exceeds 50% in an entity in the PRC providing value-added telecommunications services. Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》) of 2015 jointly issued by the Ministry of Commerce of the PRC (中國人民共和國商務部) ("**MOFCOM**") and the National Development and Reform Commission of the PRC, the Internet culture business falls within the category of industries prohibiting foreign investment. On 17 February 2011, the Ministry of Culture of the PRC (中國人民共和國文化部) ("**MOC**") issued the revised Interim Provisions on the Administration of Internet Culture (《互聯網文化管理暫行規定》) ("**Internet Culture Interim Provisions**"), effective as of 1 April 2011. According to the Internet Culture Interim Provisions, "Internet cultural products" are defined as including the online games specially produced for Internet and games reproduced or provided through Internet. Provision of Internet cultural products and related services is subject to the approval of the MOC or its provincial counterpart. The MOC issued the Circular on Implementation of the Newly Revised Interim Provisions on the Administration of Internet Culture (關於實施新修訂《互聯網文化管理暫行規定》的通知) on 18 March 2011, which provides that any competent government authorities, courts, or regulating bodies of the PRC will not accept applications by foreign-invested Internet content providers for operation of Internet culture business (other than online music business) at the moment. Accordingly, Mighty Eight cannot acquire equity interest in Shanghai Wanjia through PrimeVision, as the Mighty Eight Group conducts operation of mobile-online games, which falls within the ambit of online culture business, a category of business in which foreign investors are prohibited to hold any equity interest.

As a result of the foregoing, Mighty Eight, through PrimeVision, has entered into the Contractual Arrangements with Shanghai Wanjia to conduct the online games business in the PRC in order to comply with the applicable PRC laws and regulations and to assert management control over the operations of, and enjoy all of the economic benefits of, the Shanghai Group. The Contractual Arrangements are designed specifically to confer upon PrimeVision the right to enjoy all the economic benefit of Shanghai Group, to exercise management control over the operations of Shanghai Group, and to prevent leakages of assets and values of Shanghai Group to the registered shareholders of Shanghai Wanjia.

1.3 *Summary of the major terms of the underlying contracts of the Contractual Arrangements*

Exclusive Technology Services and Management Consulting Agreement

PrimeVision and Shanghai Wanjia entered into the Exclusive Technology Services and Management Consulting Agreement, pursuant to which Shanghai Wanjia agrees to engage PrimeVision as its exclusive consultant and service provider. Accordingly, PrimeVision shall provide advice and recommendations to Shanghai Wanjia and its subsidiary in respect of, among others, (i) consulting services on the management and operations of Shanghai Wanjia; (ii) consulting services on professional training to employees of Shanghai Wanjia; (iii) consulting services on market research; (iv) technical consulting services on research and development of computer and portable device software and games; (v) technical consulting services on development or design of webpages and websites; (vi) provision of relevant information management system; (vii) provision of technology supports and related consulting services; and (viii) hiring of relevant technical personnel and provision of training and field guidance.

Pursuant to the Exclusive Technology Services and Management Consulting Agreement, Shanghai Wanjia shall pay to PrimeVision a service fee that equals to the profit of Shanghai Wanjia, after offsetting the prior-year loss (if any), expenses and tax of Shanghai Wanjia, thus all economic benefits of Shanghai Wanjia will belong to PrimeVision. Shanghai Wanjia shall agree to pay the service fee every six months.

The Exclusive Technology Services and Management Consulting Agreement is for an indefinite term commencing from the date of the agreement (i.e. 31 January 2014), until it is terminated (i) by PrimeVision by giving a 30 days' prior notice of termination; or (ii) upon the acquisition of the entire equity interests in, and/or all assets of, Shanghai Wanjia by PrimeVision pursuant to the Exclusive Option Agreement. Shanghai Wanjia is not contractually entitled to terminate the Exclusive Technology Services and Management Consulting Agreement.

Proxy Agreement

PrimeVision, Shanghai Wanjia and its shareholders entered into the Proxy Agreement, pursuant to which Mr. Lu and Mr. Mao agree to enter into powers of attorney to irrevocably authorise PrimeVision to exercise all of their rights and powers as shareholders of Shanghai Wanjia. PrimeVision will act on Mr. Lu and Mr. Mao's behalf on all matters pertaining to Shanghai Wanjia and, to the extent permissible under applicable PRC laws, exercise all of their respective rights as a shareholder thereof, including (i) rights to attend shareholders' meeting; (ii) rights to exercise voting rights in a shareholders' meeting; (iii) rights to convene extraordinary shareholders' meeting; (iv) rights to sign minutes or resolutions of shareholders' meetings or other legal documents; (v) rights to instruct directors or the legal representative of Shanghai Wanjia to act in accordance with all instructions of PrimeVision; (vi) other shareholders' rights and voting rights under the articles of association of Shanghai Wanjia; (vii) rights to file documents with relevant governmental authorities or regulatory bodies; (viii) rights to decide any transfer or otherwise disposal of the equity interest of Mr. Lu and Mr. Mao in Shanghai Wanjia; and (ix) such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of association of Shanghai Wanjia. No prior consent of Mr. Lu and Mr. Mao is required for the exercise of any of the aforesaid shareholders' rights by PrimeVision.

The Proxy Agreement is for an indefinite term commencing from the date of the agreement (i.e. 31 January 2014), until it is terminated (i) by PrimeVision by giving a 30 days' prior notice of termination; or (ii) upon the acquisition of the entire equity interests in, and/or all assets of, Shanghai Wanjia by PrimeVision pursuant to the Exclusive Option Agreement. Mr. Lu, Mr. Mao and Shanghai Wanjia are not contractually entitled to terminate the Proxy Agreement.

Business Cooperation Agreement

PrimeVision, Shanghai Wanjia and its shareholders entered into the Business Cooperation Agreement, pursuant to which Shanghai Wanjia and its shareholders agree to appoint persons designated by PrimeVision to be the chairman (when applicable), directors/executive directors, general manager, chief financial controller and other senior management of Shanghai Wanjia and its subsidiaries. Mr. Lu and Mr. Mao, together with Shanghai Wanjia, have also agreed in the Business Cooperation Agreement that, unless there is a prior written consent from PrimeVision or its appointee, Mr. Lu, Mr. Mao and Shanghai Wanjia will not sell, transfer, lease or authorize any or all material assets of Shanghai Wanjia, including but not limited to, intellectual property. In addition, under the Business Cooperation Agreement, PrimeVision shall have the right to obtain and review the business data, financial information and other information relevant to the operations and business of Shanghai Wanjia and its subsidiary. Pursuant to the Business Cooperation Agreement, in the event that there occurs circumstances of dissolution, liquidation, bankruptcy or restructuring of PrimeVision, Shanghai Wanjia and its shareholders shall, as HK SBT so instructs, procure Shanghai Wanjia and its subsidiary to sell or otherwise dispose of whole or part of their equity interest or assets and all the proceeds obtained therefrom shall be transferred, at nil consideration, to HK SBT or its nominee. The shareholders of Shanghai Wanjia undertake that in the event that there occurs circumstances of dissolution or liquidation of Shanghai Wanjia, all the proceeds from such dissolution or liquidation shall be transferred, at nil consideration, to PrimeVision's or HK SBT's nominee.

The Business Cooperation Agreement is for an indefinite term commencing from the date of the agreement (i.e. 31 January 2014), until it is terminated (i) by PrimeVision by giving a 30 days' prior notice of termination; or (ii) upon the acquisition of the entire equity interests in, or all assets of, Shanghai Wanjia by PrimeVision pursuant to the Exclusive Option Agreement. Shanghai Wanjia and its shareholders are not contractually entitled to terminate the Business Cooperation Agreement.

Appropriate arrangements have been made to protect Mighty Eight's interest in the event of death, bankruptcy or divorce of the registered shareholders of Shanghai Wanjia to avoid any practical difficulties in enforcing the Contractual Arrangements. Under the Business Cooperation Agreement, Mr. Lu and Mr. Mao warrant to PrimeVision that appropriate arrangements will be made to protect PrimeVision's interests in the event of their death, loss of civil capacity, bankruptcy or divorce to avoid any practical difficulties in enforcing the Business Cooperation Agreement. In this regard, the spouse of each of the registered shareholders of Shanghai Wanjia executed an irrevocable undertaking on 5 June 2014, whereby the spouse expressly and irrevocably acknowledge that, among other things, they would not claim any rights including but not limited to communal property interests in the equity interests hold by the shareholders of Shanghai Wanjia, would assume all the responsibilities and obligations under the Contractual Arrangements whenever they get the equity interests in Shanghai Wanjia as a result of any reason and would not take any actions or launch any suits in conflicts with the purposes of the Contractual Arrangements.

Exclusive Option Agreement

PrimeVision, Mr. Mao, Mr. Lu and Shanghai Wanjia entered into the Exclusive Option Agreement, pursuant to which Mr. Mao and Mr. Lu irrevocably grant to PrimeVision or the person as designated by PrimeVision exclusive options to purchase, to the extent permitted by PRC laws and regulations, their equity interests in Shanghai Wanjia, entirely or partially, at an aggregate consideration of RMB1 for each option or a minimum purchase price permitted by PRC laws and regulations. In addition, pursuant to the Exclusive Option Agreement, Mr. Mao, Mr. Lu and Shanghai Wanjia irrevocably grant to PrimeVision or the person as designated by PrimeVision, exclusive options to acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of Shanghai Wanjia which include intellectual property at an aggregate consideration of RMB1 for each option or a minimum purchase price permitted under PRC laws and regulations. PrimeVision may exercise such options at any time until it or person designated by it has acquired all equity interests or assets of Shanghai Wanjia or unilaterally terminated the Exclusive Option Agreement by giving 30 days' prior notice, subject to the applicable PRC laws and regulations.

In addition, Mr. Lu and Mr. Mao may not (i) dispose of or procure the senior management to dispose of any material assets of Shanghai Wanjia without prior written consent from PrimeVision, or (ii) pass or approve any resolution with respect to the liquidation and dissolution of Shanghai Wanjia. Based on this, the Contractual Arrangements encompass dealing with assets of Shanghai Group, and not only the right to manage its business and the right to revenue. This is to ensure that the liquidator, acting on the Contractual Arrangements, can seize the assets of Shanghai Group in a winding up situation for the benefit of the shareholders and creditors of PrimeVision.

The Exclusive Option Agreement is for an indefinite term commencing from the date of the agreement (i.e. 31 January 2014), until it is terminated (i) by PrimeVision by giving a 30 days' prior notice of termination; or (ii) upon the acquisition of the entire equity interests or all assets of, Shanghai Wanjia by PrimeVision or person designated by it pursuant to the Exclusive Option Agreement. Shanghai Wanjia and its shareholders are not contractually entitled to terminate the Exclusive Option Agreement. In addition, Mr. Mao and Mr. Lu undertake under the Exclusive Option Agreement that they will return to PrimeVision or the person as designated by PrimeVision or HK SBT any proceeds, which exceed the aggregate consideration of RMB1 as agreed under the Exclusive Option Agreement, they will receive upon the exercise of the aforesaid exclusive options.

Equity Pledge Agreement

PrimeVision, Mr. Mao, Mr. Lu and Shanghai Wanjia entered into the Equity Pledge Agreement, pursuant to which Mr. Mao and Mr. Lu shall pledge all of their respective equity interests in Shanghai Wanjia to PrimeVision to secure the performance of all their obligations and the obligations of Shanghai Wanjia under the Contractual Arrangements. Pursuant to the Equity Pledge Agreement, PrimeVision has a first priority pledge on all or any part of the equity interests in Shanghai Wanjia held by Mr. Lu and Mr. Mao. Under the Equity Pledge Agreement, if Mr. Mao and/or Mr. Lu and/or Shanghai Wanjia breaches any obligation under the Contractual Arrangements, PrimeVision, as the pledgee, is entitled to request Mr. Mao and/or Mr. Lu to transfer the pledged equity interests, entirely or partially to PrimeVision and/or any entity or person as designated by PrimeVision. In addition, pursuant to the Equity Pledge Agreement, each of Mr. Mao and Mr. Lu undertakes to PrimeVision, among other things, not to transfer the interest in his respective equity interests in Shanghai Wanjia and not to create any pledge thereon without PrimeVision's prior written consent.

The Equity Pledge Agreement is for an indefinite term commencing on the date of the agreement (i.e. 31 January 2014), until (i) all the relevant obligations under the Contractual Arrangements have been fulfilled; (ii) all the relevant debts under the Contractual Arrangements have been settled; or (iii) it is terminated by PrimeVision by giving a 30 days' prior notice of termination. Shanghai Wanjia and its shareholders are not contractually entitled to terminate the Equity Pledge Agreement.

Power of Attorney

Mr. Lu and Mr. Mao has severally issued a power of attorney to PrimeVision, pursuant to which they irrevocably authorize PrimeVision to exercise all of their rights and powers as shareholders of Shanghai Wanjia, including (i) rights to attend shareholders' meeting; (ii) rights to exercise voting rights in a shareholders' meeting; (iii) rights to convene extraordinary shareholders' meeting; (iv) rights to sign minutes or resolutions of shareholders' meetings or other legal documents; (v) rights to instruct directors or the legal representative of Shanghai Wanjia to act in accordance with all instructions of PrimeVision; (vi) rights to file documents with relevant governmental authorities or regulatory bodies; and (vii) other shareholders' rights and voting rights under the articles of association of Shanghai Wanjia.

Spousal Consent

Each of the spouse of Mr. Lu and Mr. Mao has issued a spousal consent to PrimeVision and HK SBT, pursuant to which they irrevocably promise that they will observe the Contractual Arrangements in any case if they obtain any of the equity interest of Shanghai Wanjia or Shanghai SBT as a result of any reason and make best effort to ensure the obligations of Shanghai Wanjia and Shanghai SBT under the Contractual Arrangements will be observed.

2. Revenue and assets subject to the Contractual Arrangements

The revenue attributable to Shanghai Group (i.e. the Contractual Arrangements) amounted to approximately RMB52,469,000 for the year ended 31 December 2014. The total assets and net assets attributable to Shanghai Group (i.e. the Contractual Arrangements) amounted to approximately RMB51,744,000 and RMB42,437,000 for the year ended 31 December 2014. As Mighty Eight is an associate of the Company, the revenue and assets of the Shanghai Group have not been consolidated into the financial results of the Group.

3. Risks relating to the Contractual Arrangements

The PRC government may determine that Corporate Structure of the Mighty Eight Group or the Contractual Arrangements are not in compliance with any existing or future applicable PRC laws or regulations.

If the PRC government finds that the agreements that establish the structure for operating the mobile-online game businesses of the Mighty Eight Group in the PRC do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Mighty Eight Group could be subject to severe consequences, including nullification of Contractual Arrangements and relinquishment of PrimeVision's interest in Shanghai Wanjia.

According to the Administrative Rules for Foreign Investments in Telecommunications Enterprises (外商投資電信企業管理規定) issued by the State Council on 11 December 2001 and amended on 10 September 2008, foreign investors' ultimate equity ownership in an entity in the PRC providing value-added telecommunications services shall not exceed 50% and a foreign investor wishing to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate (i) a good track record and (ii) experience in providing value-added telecommunications services overseas (“**Qualification Requirement**”). As such, if the restrictions on the percentage of foreign ownership in telecommunications services and on foreign ownership in online culture products and businesses are lifted, the Contractual Arrangements may be required to be unwounded before the Mighty Eight Group is in a position to comply with the Qualification Requirement.

Shanghai Wanjia is principally engaged in development, distribution, and operation of mobile-online games. Under the current PRC regulatory circumstances, PrimeVision as a wholly foreign owned enterprise would not be able to obtain the relevant business license(s) of such businesses and thus is unable to provide the value-added telecommunications services and mobile game publication business in PRC directly. In compliance with 外商投資電信企業管理規定 (Administration Rules for Foreign Investments in Telecommunication Enterprises) (“**FITE Rules**”) and other relevant laws, any direct or indirect acquisition by PrimeVision of the equity interests in Shanghai Wanjia would constitute foreign investment in value-added telecommunications industry in the PRC and would render PrimeVision or the acquired entity ineligible to obtain the business license(s).

The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (“MIIT”) has issued a guidance memorandum on the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC. According to this guidance memorandum, an applicant is required to provide, among other things, the applicant's annual reports for the past three years, proof of Qualification Requirement and business development plan. The guidance memorandum does not provide any further guidance on the proof, record or document required to satisfy the Qualification Requirement. Further, this guidance memorandum does not purport to provide an exhaustive list on the application requirement. Save for the aforesaid guidance memorandum, as at the date of this report, no applicable PRC laws, regulations or rules have provided clear guidance or interpretation on the Qualification Requirement.

The Contractual Arrangements enable PrimeVision to have substantial control of Shanghai Wanjia, under which all economic benefits and risks arising from the business, financial and operating activities of Shanghai Wanjia are transferred to PrimeVision by means of technical consulting services fees, and thus are fundamental to the Mighty Eight Group's legal structure and business operations.

On 13 July 2006, the MIIT issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (關於加強外商投資經營增值電信業務管理的通知) (“**MIIT Notice**”), which reiterated restrictions on foreign investment in telecommunications businesses. Under the MIIT Notice, a domestic company that holds an ICP License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to provide ICP services illegally in the PRC. Due to a lack of interpretative materials from the authorities, it cannot be assured that the MIIT will not consider the corporate structure of the Mighty Eight Group and the Contractual Arrangements as a kind of foreign investment in telecommunication services, in which case the Mighty Eight Group may be found in violation of the MIIT Notice.

Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) of 2015 jointly issued by the MOFCOM and the National Development and Reform Commission of the PRC, the Internet culture business falls within the category of industries prohibiting foreign investment. On 17 February 2011, the MOC issued the revised Interim Provisions on the Administration of Internet Culture (互聯網文化管理暫行規定) (**"Internet Culture Interim Provisions"**), effective as of 1 April 2011. According to the Internet Culture Interim Provisions, "Internet cultural products" are defined as including the online games specially produced for Internet and games reproduced or provided through Internet. Provision of Internet cultural products and related services is subject to the approval of the MOC or its provincial counterpart. The MOC issued the Circular on Implementation of the Newly Revised Interim Provisions on the Administration of Internet Culture (關於實施新修訂《互聯網文化管理暫行規定》的通知) on 18 March 2011, which provides that the authorities will temporarily not accept applications by foreign-invested Internet content providers for operation of Internet culture business (other than online music business).

Mighty Eight is a Samoa company and its wholly-owned PRC subsidiary, PrimeVision is considered as a wholly foreign-invested enterprise. As stated above, the PRC government restricts foreign investment in telecommunications and online cultural businesses. Due to these restrictions, Mighty Eight conducts its operations in the PRC through Shanghai Wanjia. Although Mighty Eight does not have any equity interest in Shanghai Wanjia, Mighty Eight is able to, through PrimeVision, exercise effective control over Shanghai Wanjia and its subsidiary, Shanghai SBT, and receive all of the economic benefits of its operations through the Contractual Arrangements with Shanghai Wanjia and its shareholders.

On 28 September 2009, the General Administration of Press and Publication of the PRC (中華人民共和國新聞出版總署), currently known as the State Administration of Press Publication, Radio, Film and Television (國家新聞出版廣電總局) ("**GAPP**"), the National Copyright Administration of the PRC (中華人民共和國國家版權局) ("**NCA**") and the National Office of Combating Pornography and Illegal Publications (國家掃黃打非辦公室) jointly published the Notice Regarding the Consistent Implementation of the Stipulations on Three Provisions of the State Council and the Relevant Interpretation of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Internet Games and the Examination and Approval of Imported Internet Games (關於貫徹落實國務院《「三定」規定》和中央編辦有關解釋，進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知) (**"GAPP Notice 13"**). The GAPP Notice 13 prohibits foreign investors from participating in online game operating businesses through foreign-invested enterprises in the PRC, and from controlling and participating in such businesses of domestic companies indirectly through other forms of joint ventures or contractual or technical support arrangements. As no detailed interpretation of the GAPP Notice 13 has been issued to date, it is not clear how the GAPP Notice 13 will be implemented. Furthermore, as some other primary government regulators, such as the MOFCOM, the MOC and the MIIT, did not join the GAPP in issuing the GAPP Notice 13, the scope of the implementation and enforcement of the GAPP Notice 13 remains uncertain.

In or around September 2011, various media sources reported that the China Securities Regulatory Commission (中華人民共和國證券監督管理委員會) (**"CSRC"**) had prepared a report proposing regulating the use of the variable interest equity (**"VIE"**) structures, such as that of Mighty Eight, in industry sectors subject to foreign investment restrictions in the PRC and overseas listings by China-based companies. However, it is unclear whether the CSRC officially issued or submitted such a report to a higher level government authority or what any such report provides, or whether any new PRC laws or regulations relating to VIE structures will be adopted or if adopted, what they would provide.

In addition, several recent articles, including an article published in early June 2013 on The New York Times and another one on The Economic Observer (經濟觀察報), reported discussions that a recent PRC Supreme Court decision and two VIE structure-related arbitration decisions in Shanghai had cast doubt on the validity of the contractual arrangements for a VIE structure. According to these articles, the PRC Supreme Court ruled in late 2012 that an entrustment agreement entered into by and between a Hong Kong company and a PRC domestic entity, which was purported to enable such Hong Kong company to make equity investment in a PRC bank through the proxy PRC domestic entity, was void on the ground that this agreement established an entrustment relationship meant to circumvent the PRC laws and regulations that prohibit foreign investment in PRC financial institutions and as such, constituted an act of concealing illegal intentions with a legitimated form. These articles argued that as the contractual arrangement in a VIE structure and the entrustment agreement in the cited case were similar in that the contractual arrangements in the VIE structure were also designed to "get around" the regulatory restrictions on foreign investment in certain industries. As such, the articles noted that this Supreme Court decision might increase the uncertainties relating to the PRC government's view on the validity of the contractual arrangements used in a VIE structure. These articles also reported, without providing sufficient details, that two arbitration decisions by the then Shanghai CIETAC which invalidated the contractual arrangements used in a VIE structure in 2010 and 2011.

It cannot be assured that the PRC government or judicial authorities would agree that the corporate structure of the Mighty Eight Group or the Contractual Arrangements comply with PRC licensing, registration, other regulatory requirements or policies that may be adopted in the future. If the PRC government or judicial authorities determines that the Mighty Eight Group does not comply with applicable laws and regulations, it could have broad discretion in dealing with such incompliance, including:

1. requiring the nullification of the Contractual Arrangements;

2. levying fines and/or confiscating the proceeds generated from the operations under the Contractual Arrangements;

3. revocation of the business licenses or operating licenses of Shanghai Wanjia and/or PrimeVision;

4. discontinuing or placing restrictions or onerous conditions on the business operations of Shanghai Wanjia and/or PrimeVision;

5. imposing conditions or requirements which the Mighty Eight Group may not be able to comply with or satisfy;

6. requiring the Mighty Eight Group to undergo a costly and disruptive restructuring; and

7. taking other regulatory or enforcement actions that could be harmful to or even shut down business of the Mighty Eight Group.

The imposition of any of the above-mentioned consequences could result in a material and adverse effect on the Mighty Eight Group's ability to conduct its business. In addition, if the imposition of any of these consequences causes PrimeVision to lose the rights to direct the activities of Shanghai Wanjia or its right to receive its economic benefits, Mighty Eight would no longer be able to consolidate the financial results of Shanghai Wanjia and thus affect the financial results of Mighty Eight as well as the Group's investment in Mighty Eight.

PrimeVision rely on the Contractual Arrangements to control and obtain the economic benefits from Shanghai Group, the operating entities in the PRC, which may not be as effective in providing operational control as direct ownership.

Due to the PRC's legal restrictions on foreign investment in mobile-online game operators, Mighty Eight, through PrimeVision, controls, through the Contractual Arrangements rather than equity ownership, Shanghai Group, the operating entities in the PRC and the holder of the key licenses required to operate online game business in the PRC.

However, the Contractual Arrangements still may not be as effective in exercising control over Shanghai Wanjia as equity ownership. For example, Shanghai Wanjia and its shareholders could breach or fail to perform their obligations under the Contractual Arrangements. If PrimeVision had direct ownership of Shanghai Wanjia, PrimeVision would be able to exercise its rights as a shareholder to effect changes in its board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management and operational level. Under the Contractual Arrangements, PrimeVision would need to rely on its rights under the Business Cooperation Agreement, the Exclusive Technology Services and Business Consulting Agreement and the Proxy Agreement to effect such changes, or designate new shareholders for Shanghai Wanjia under the Exclusive Option Agreement.

If Shanghai Wanjia or its shareholders breach their obligations under the Contractual Arrangements or if PrimeVision loses the effective control over Shanghai Wanjia for any reason, PrimeVision would need to bring a claim against them under the terms of the Contractual Arrangements. The Contractual Arrangements are governed by the PRC law and provide that any dispute arising from these arrangements will be submitted to the Shanghai International Economic and Trade Arbitration Commission ("**SIETAC**") for arbitration, the ruling of which will be final and binding. Furthermore, personal liabilities of the shareholders of Shanghai Wanjia may also subject the equity interest they hold in Shanghai Wanjia to court preservation actions or enforcement. The legal framework and system in the PRC, particularly those relating to arbitration proceedings, is not as developed as other jurisdictions such as Hong Kong or the United States. As a result, significant uncertainties relating to the enforcement of legal rights through arbitration, litigation and other legal proceedings remain in the PRC, which could limit PrimeVision's ability to enforce the Contractual Arrangements and exert effective control over Shanghai Wanjia. If Shanghai Wanjia or any of its shareholders fails to perform its respective obligations under the Contractual Arrangements, and PrimeVision is unable to enforce the Contractual Arrangements, or suffer significant delay or other obstacles in the process of enforcing the Contractual Arrangements, the Mighty Eight Group's business and operations could be severely disrupted, which could materially and adversely affect its results of operations. As a result, the Group's investment in Mighty Eight could also be materially and adversely affected.

Pursuant to the Exclusive Option Agreement, Mr. Mao and Mr. Lu irrevocably grant to PrimeVision or the person as designated by PrimeVision exclusive options to purchase, to the extent permitted by PRC laws and regulations, their equity interests in Shanghai Wanjia, entirely or partially, at an aggregate consideration of RMB1 for each option or a minimum purchase price permitted by PRC laws and regulations. In addition, Mr. Mao and Mr. Lu undertake under the Exclusive Option Agreement that they will return to PrimeVision or the person as designated by PrimeVision or HK SBT any proceeds, which exceed the aggregate consideration of RMB1 as agreed under the Exclusive Option Agreement, they will receive upon the exercise of the aforesaid exclusive options. If the final purchase price permitted by PRC laws is substantially more than RMB1 and Mr. Mao and Mr. Lu fails to return to PrimeVision or the person as designated by PrimeVision or HK SBT any proceeds, which exceed the aggregate consideration of RMB1 as agreed under the Exclusive Option Agreement, they will receive upon the exercise of the aforesaid exclusive options, the financial conditions of PrimeVision or its subsidiaries may be materially and adversely affected. As a result, the Group's investment in Mighty Eight could also be materially and adversely affected.

Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.

The Contractual Arrangements provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the SIETAC in the PRC. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of Shanghai Wanjia, injunctive relief and/or winding up of Shanghai Wanjia. In addition, the Contractual Arrangements contain provisions to the effect that courts in Hong Kong and Samoa are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal.

However, the Group has been advised by PRC legal advisor that the abovementioned provisions contained in the Contractual Arrangements may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in Shanghai Wanjia in case of disputes. Therefore, such remedies may not be available to PrimeVision, notwithstanding the relevant contractual provisions contained in the Contractual Arrangements. PRC laws allow an arbitral body to award the transfer of assets of or an equity interest in Shanghai Wanjia in favour of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court.

However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or winding-up order against Shanghai Wanjia as interim remedies to preserve the assets or shares in favour of any aggrieved party. Even though the Contractual Arrangements provide that courts in Hong Kong and Samoa may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or Samoa in favour of an aggrieved party) may not be recognized or enforced by PRC courts. As a result, in the event that Shanghai Wanjia or any of its shareholders breaches any of the Contractual Arrangements, PrimeVision may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Shanghai Wanjia and conduct its business could be materially and adversely affected and the financial performance of Mighty Eight could be materially and adversely affected. As a result, the Group's investment in Mighty Eight could also be materially and adversely affected.

The Contractual Arrangements between PrimeVision and Shanghai Wanjia may be subject to scrutiny by the PRC tax authorities and any finding that PrimeVision or Shanghai Wanjia owes additional taxes could substantially reduce the consolidated net income of Mighty Eight and the value of the Group's investment in Mighty Eight.

Under the Contractual Arrangements among PrimeVision and Shanghai Wanjia and its equity holders, Shanghai Wanjia will transfer all of its profits to PrimeVision less any accumulated loss, working capital requirements, expenses and tax of Shanghai Wanjia, which will substantially reduce Shanghai Wanjia's taxable income. These arrangements and transactions are related party transactions which must be conducted on an arm's length basis under applicable PRC tax rules. In addition, under PRC laws and regulations, arrangements and transactions among related parties may generally be subject to audit or scrutiny by the PRC tax authorities within ten years after the taxable year when the arrangements or transactions are conducted. As a result, the determination of service fees and other payments to PrimeVision by Shanghai Wanjia under the Contractual Arrangements may be challenged and deemed not to be in compliance with such tax rules. The Mighty Eight Group could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements were not entered into on an arm's length basis and therefore adjust the taxable income of Shanghai Wanjia in the form of a transfer pricing adjustment which refers to the prices that one member of a group of affiliated corporation's charges to another member of the group for goods, assets, services, financing or the use of intellectual property. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by Shanghai Wanjia, which could in turn increase Shanghai Wanjia's tax liabilities. Any such adjustment could result in a higher overall tax liability of the Mighty Eight Group. In addition, the PRC tax authorities may impose late payment fees and other penalties on Shanghai Wanjia for any unpaid taxes. The consolidated net income of Mighty Eight may be materially and adversely affected if Shanghai Wanjia's tax liabilities increase or if it is subject to late payment fees or other penalties. As a result, the value of the Group's investment may be materially and adversely affected.

4. Material change

Save as disclosed above, as at the date of this annual report, there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

5. Unwinding of Contractual Arrangements

It is the intention of the Mighty Eight Group to unwind the Contractual Arrangements when foreign investment in the development and operation of mobile-online games business is no longer restricted in the PRC.

However, as at the date of this report, there is no unwinding of any of the Contractual Arrangements or failure to unwind when the restrictions that led to the adoption of the Contractual Arrangements are removed.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2014, the interests and short positions of each Director and chief executive 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 the SFO) as recorded in the register required to be kept under 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Long position in the shares of the Company

Name of Director	Capacity	Number of ordinary shares involved	Approximate Percentage (Note 1)
Zhang Xiongfeng	Interest through controlled corporation	735,678,000 (Note 2)	29.47%

Notes:

1. This is based on the total issued shares of the Company as at 31 December 2014, i.e. 2,496,122,430 shares of the Company.

2. Being the aggregate of (i) 381,078,000 new Shares issued to Turbo Pointer on 29 August 2014; and (ii) 354,600,000 new shares of the Company proposed to be issued to Turbo Pointer which is beneficially and wholly-owned by Mr. Zhang Xiongfeng. As such, Mr. Zhang Xiongfeng is deemed to be interested in the all the 735,678,000 Shares by virtue of the SFO. Mr. Zhang Xiongfeng is also the director of Turbo Pointer.

(ii) Long position in the underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares involved	Approximate Percentage (Note 1)
Zhang Xiongfeng	Beneficial owner	57,163,573 (Note 3)	2.29%
Zhang Peiao	Beneficial owner	38,109,049 (Note 4)	1.53%

Notes:

3. These are 57,163,573 ordinary shares of the Company to be issued upon exercise of the unlisted physically settled share options granted to Mr. Zhang Xiongfeng on 19 June 2014 pursuant to the share option scheme of the Company adopted on 10 November 2010. The vesting date of the said options is 31 December 2015 and such options can be exercised by Mr. Zhang Xiongfeng between 1 January 2016 and 30 June 2016 at the subscription price of HK$0.14 per share of the Company.

4. These are 38,109,049 ordinary shares of the Company to be issued upon exercise of the unlisted physically settled share options granted to Mr. Zhang Peiao on 19 June 2014 pursuant to the share option scheme of the Company adopted on 10 November 2010. The vesting date of the said options is 31 December 2015 and such options can be exercised by Mr. Zhang Peiao between 1 January 2016 and 30 June 2016 at the subscription price of HK$0.14 per share of the Company.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executives of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST

As at 31 December 2014, the following person (other than Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of ordinary shares	Approximate Percentage (Note 1)
China New Economy Fund Limited	Beneficial owner	300,006,000	12.02%
Turbo Pointer (Note 2)	Beneficial owner	735,678,000 (Note 3)	29.47%
Hydra Capital SPC for and on behalf of SP#1 ("**Hydra**")	Beneficial owner	645,660,000 (Note 4)	25.87%
DRL Capital Investment Management Limited ("**DRL**")	Interest through controlled corporation	645,660,000 (Note 5)	25.87%
Favour Sino Holdings Limited ("**Favour Sino**")	Interest through controlled corporation	645,660,000 (Note 5)	25.87%
Convoy (BVI) Limited ("**Convoy BVI**")	Interest through controlled corporation	645,660,000 (Note 5)	25.87%
Convoy Financial Holdings Limited ("**Convoy**")	Interest through controlled corporation	645,660,000 (Note 5)	25.87%
Convoy Asset Management Limited ("**CAM**")	Investment manager	645,660,000 (Note 6)	25.87%

Notes:

1. This is based on the total issued shares of the Company as at 31 December 2014, i.e. 2,496,122,430 shares of the Company.

2. Turbo Pointer is wholly-owned by Mr. Zhang Xiongfeng, an executive Director. Mr. Zhang Xiongfeng is also the director of Turbo Pointer.

3. Being the aggregate of (i) 381,078,000 new shares of the Company issued to Turbo Pointer on 29 August 2014; and (ii) 354,600,000 new shares of the Company proposed to be issued to Turbo Pointer which is beneficially and wholly-owned by Mr. Zhang Xiongfeng.

4. These are the 645,660,000 new shares of the Company proposed to be issued to Hydra.

5. According to the disclosure of interests notice filed by Convoy on 24 October 2014, Hydra is wholly and beneficially owned by DRL, which is owned as to 70% by Favour Sino. Favour Sino is wholly and beneficially owned by Convoy BVI, which is in turn wholly and beneficially owned by Convoy, whose shares are listed on the Stock Exchange (Stock code: 1019). As such, each of DRL, Favour Sino, Convoy BVI and Convoy is deemed to be interested in the 645,660,000 new shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

6. CAM is the investment manager of Hydra and is deemed to be interested in the 645,660,000 new shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 December 2014, there were no shareholders of the Company who had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for those disclosed under the paragraphs headed "SHARE OPTION SCHEME" and "RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS" in this report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 27% of the total sales for the year and sales to the largest customer included therein amounted to approximately 15%. Purchases from the Group's five largest suppliers accounted for approximately 70% of the total purchases for the year and purchase from the largest supplier included therein amounted to approximately 29%.

As far as the Directors are aware, none of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest at any time during the year in any of the Group's five largest customers or suppliers.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the date of this report, the Company has maintained sufficient public float under the GEM Listing Rules as at the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to existing shareholders of the Company.

AUDITOR

The consolidated financial statements have been audited by PKF who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Zhang Xiongfeng
Chairman

25 March 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and upholding good corporate governance practices that promote greater transparency and quality of disclosure as well as more effective internal control.

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "**Code Provisions**") as its code of corporate governance. The Board is responsible for performing corporate governance duties including (a) developing and reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements; (b) reviewing and monitoring the training and continuous professional development of Directors and (c) reviewing the Company's compliance with the Code Provisions. The Board had carried out the said corporate governance functions during the year.

Save for the deviation in relation to segregation of the roles of the Chairman and Chief Executive Officer and terms of appointment of independent non-executive Directors as set out below, the Company has complied with the Code Provisions throughout the year ended 31 December 2014. Details of the deviations are set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors, that the Directors have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions.

BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board comprises of six members, three of which are executive Directors, namely Mr. Zhang Xiongfeng who is the Chairman, Mr. Zhang Peiao who is the Chief Executive Officer and Mr. Hung Kenneth. Three other members are independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Members of the Board, who come from a variety of different backgrounds, have a diverse range of business and professional expertise. The biographical details of the Directors are set out in the section headed "Directors profile" on pages 17 to 18. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Articles as amended from time to time. The Company has arranged appropriate insurance cover for the Directors.

Roles and responsibilities of the Board and delegation to the management

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibilities for decision making in all major matters of the Company which include approving and monitoring of all policy matters, overall strategies, material transactions, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives who are responsible for implementing the decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to the entering into of any significant transactions. These senior executives provide full support to the Board for them in order to discharge their responsibilities.

Corporate Governance Report

Practices and conduct of board meetings
The company secretary (the "**Company Secretary**") of the Company is responsible to the Board for providing with Board papers and related materials, for ensuring that all Board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and/or the Chief Executive Officer on governance matters. All Directors have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

The Board meets regularly and held 45 Board meetings during the year ended 31 December 2014. The Directors attended the meetings in persons or through other means of electronic communication in accordance with the Articles. During the regular Board meetings, the Directors discussed and formulated the overall strategies of the Group, reviewed and approved the annual, interim and quarterly results, as well as discussed and decided on other significant matters of the Group. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company.

In case where a conflict of interest may arise involving a substantial shareholder or a director, such matter will be discussed through an actual meeting and will not be dealt with by written resolutions. Independent non-executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues. The board committees, including the audit committee, the remuneration committee and the nomination committee, have all adopted the applicable practices and procedures used in board meetings for all committee meetings. If considered to be necessary and appropriate by the Directors, they may retain independent professional advisors at the Group's expense.

Individual attendance records of each Director at the respective Board and committee meetings are set out in the table on page 42 of this report.

Directors' continuing professional development
All Directors have been updated from time to time on the latest developments and changes in the GEM Listing Rules and other applicable regulatory requirements to ensure the Company's compliance and enhance the Directors' awareness of good corporate governance practices. The Directors understand the importance of continuous professional development and are committed to participate in any suitable training or to study relevant materials in order to develop and refresh their knowledge and skills.

Mr. Zhang Xiongfeng, Mr. Zhang Peiao, Mr. Hung Kenneth, Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing had confirmed that they have complied with Code Provision A.6.5 during the year ended 31 December 2014 by participating in continuous professional development to develop and refresh their knowledge and skills. During the year, the Company has arranged training regarding the GEM Listing Rules for the Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Throughout the year and as at the date of this report, Mr. Zhang Xiongfeng is the Chairman. From 30 January 2014 to 31 December 2014 and as at the date of this report, Mr. Zhang Peiao is the Chief Executive Officer.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from 1 January 2014 to 29 January 2014, the Company did not have any offices with the title of "chief executive officer" as the duties of chief executive officer was discharged by the executive Directors collectively by undertaking the day-to-day management of the Company's business, whereas the Chairman is responsible for management of the Board and strategic planning of the Group. The Board considers that the vesting of the roles of chief executive officer into the executive Directors will not impair the balance of power and authority within the Board as all major decisions are made in consultation with members of the Board during the period from 1 January 2014 to 29 January 2014.

As the workload of the executive Directors have been increasing due to the business development of the Group, the Board considers that the appointment of a chief executive officer will lead to more effective implementation of the overall strategy and ensure smooth operation of the Group. As such, the Company appointed Mr. Zhang Peiao as an executive Director and the Chief Executive Officer on 30 January 2014. Since 30 January 2014, the roles of chairman and chief executive officer have been segregated and have not been exercised by the same individual. The Chairman provides leadership, management for the Board whereas the Chief Executive Officer is responsible for the Group's business development and daily management generally.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with each and the various guidelines set out in Rule 5.09 of the GEM Listing Rules.

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Given that all independent non-executive Directors are subject to the provisions of retirement by rotation at least once every three years at annual general meeting of the Company under the Articles, the Directors are of the view that such provision in the Articles has been able to safeguard corporate governance of the Company after taking into account the scope of works to be carried out by the independent non-executive Directors, and therefore there are no specified term of appointment for the independent non-executive Directors and they will continue to hold offices unless terminated by either party giving to the other not less than one month notice in writing. To further reinforce corporate governance of the Company, each of Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing has entered into a re-appointment letter with the Company on 1 January 2015 for a term of 12 months commencing from 1 January 2015.

BOARD COMMITTEES

The Board currently has established three committees, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee, each with a specific terms of reference. Their terms of reference have been approved and reviewed by the Board and have been posted on the websites of the Stock Exchange and the Company. During the year, these committees adhered to their principles, procedures and arrangements set out in their respective terms of reference. The respective committee secretary took full minutes of the meetings of these committees and the work of these committees was reported to the Board regularly.

Audit Committee

An audit committee of the Board (the "**Audit Committee**") was established 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. The Audit Committee must consist of a minimum of three members, all of whom must be non-executive Directors, at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe is the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to review the Company's financial information, reporting process, internal control procedures, risk management system, audit plan, relationship with external auditors and to review arrangements to enable employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2014, the Audit Committee held five meetings to review and provide supervision over the financial reporting system and internal control procedures of the Group and to review the Company's annual report and accounts, half-year report and quarterly reports and to provide advice and comments to the Board as to whether such reports were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee also met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters of the Group before recommending the annual financial reports to the Board for approval.

Remuneration Committee

A remuneration committee of the Board (the "**Remuneration Committee**") was established with written terms of reference in compliance with Code Provision B.1.2. There are three members in the Remuneration Committee comprising three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe is the chairman of the Remuneration Committee. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors and senior employee management remuneration and to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the year ended 31 December 2014, the Remuneration Committee held five meetings and adopted the approach under Code Provision B.1.2(c)(ii) to make recommendation to the Board on the remuneration packages of the Directors and senior management of the Company. The Remuneration Committee had assessed the performance of the executive Directors and had reviewed and approved the appointment letter of each of Mr. Zhang Xiongfeng, Mr. Zhang Peiao, Mr. Hung Kenneth, Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing and the terms thereof during the year. No Director was involved in deciding his own remuneration.

Nomination Committee

A nomination committee of the Board (the "**Nomination Committee**") was established with written terms of reference in compliance with Code Provision A.5.2. There are three members in the Nomination Committee comprising three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe is the chairman of the Nomination Committee. The principal responsibilities of the Nomination Committee are to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the year ended 31 December 2014, the Nomination Committee held three meetings to review policy for the nomination of directors performed by the Nomination Committee, the procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship, the structure, size and composition of the Board and assess the independence of the independent non-executive Directors.

The process for the nomination of Directors is led by the Nomination Committee, which has been made on a merit basis. The Company has adopted a board diversity policy (the "**Policy**") in August 2013 which sets out the approach to achieve and maintain diversity on the Board in order to ensure governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board, including but not limited to age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Board will consider to set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Policy will be reviewed by the Nomination Committee from time to time to ensure its continued effectiveness.

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

Details of the attendance of the Directors at the meetings of the Board and its respective committees and general meetings of the Company during the year ended 31 December 2014 are as follows:

Name of Directors	Board Meeting Attended/ Eligible to attend	Audit Committee Attended/ Eligible to attend	Remuneration Committee Attended/ Eligible to attend	Nomination Committee Attended/ Eligible to attend	General Meeting Attended/ Eligible to attend
Number of meetings held during the financial year	45	5	5	3	6
Executive Directors					
Mr. Zhang Xiongfeng	43/45	0/0	0/0	0/0	6/6
Mr. Zhang Peiao (appointed on 30 January 2014)	40/41	0/0	0/0	0/0	2/5
Mr. Hung Kenneth (appointed on 18 February 2014)	38/39	0/0	0/0	0/0	5/5
Mr. Kwok Shun Tim (resigned with effect from 30 January 2014)	3/4	0/0	0/0	0/0	1/1
Mr. Mak Kwong Yiu (resigned with effect from 28 April 2014)	16/16	0/0	0/0	0/0	0/2
Independent non-executive Directors					
Mr. Wong Siu Keung, Joe *(Committee Chairman)*	45/45	5/5	5/5	3/3	5/6
Mr. Wong Ching Yip	45/45	5/5	5/5	3/3	3/6
Mr. Luk Chi Shing	45/45	5/5	5/5	3/3	5/6

AUDITOR'S REMUNERATION

For the year ended 31 December 2014, the fees paid/payable to the Group's external auditor, PKF, for the audit and non-audit services provided amounted to approximately HK$309,000 and HK$234,000 respectively. The amount of fee paid/payable to other audit firms for providing audit and non-audit services for the year ended 31 December 2014 amounted to approximately HK$300,000 and HK$900,000 respectively. The non-audit services mainly consist of taxation review and other reporting services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the accounts of the Group and other disclosures required under the GEM Listing Rules and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

A statement by the Company's external auditor, PKF, about their reporting responsibilities is included in the Independent Auditor's Report in this report.

COMPANY SECRETARY

The Company Secretary is an employee of the Group and has day-to-day knowledge of the Group's affairs. The Company Secretary is responsible to the Board for ensuring the board procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments. During the year, the Company Secretary has taken not less than 15 hours of relevant professional training as required by the GEM Listing Rules.

INTERNAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of these controls. Internal control systems are designed to meet the particular needs of the Group and the risks which it is exposed to. By their nature, however, such internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss. The Board, through the Audit Committee, has conducted a review on the effectiveness of the Group's system of financial reporting process and internal control of the Group during the year and considered that the Company's internal control system is adequate and effective.

As might be expected in a Group of this size, a key control procedure is the day-to-day supervision of the business by the executive Directors, supported by managers responsible for operations and the key central and divisional support functions of finance, information systems and human resources. Key elements of the internal control system are described below. These have all been in place throughout the year and up to the date of this report and are reviewed regularly by the Board:

- clearly defined management structure, lines of responsibility and delegation of authority;
- high recruitment standards and formal career development and training to ensure the integrity and competence of staff;
- regular and comprehensive information provided to management, covering financial performance and non-financial measures;

- procedures for the approval of capital expenditure, investments and acquisitions;
- detailed budgeting process where the top management are involved in the budget setting process, constantly monitoring key statistics and reviewing management accounts on a monthly basis, noting and investigating major variances; and
- consideration of progress made against significant business risks at monthly management review meetings, with quarterly briefings to the Board.

The Board has considered the need for an internal audit function, and concluded that, given the size of the Group and the systems and controls in place, it is not appropriate at present. The Board will review this issue on a regular basis.

COMMUNICATION WITH SHAREHOLDERS

Communication with the shareholders of the Company (the "**Shareholders**") is given high priority. The Company aims to provide its Shareholders with high standards of disclosure and financial transparency through the publication of annual, interim and quarterly reports, announcements and circulars made through websites of the Company and of the Stock Exchange.

The Board also maintains an on-going dialogue with the Shareholders and use general meeting to communicate with the Shareholders. The Company encourages all the Shareholders to attend general meeting which provides a useful forum for the Shareholders to exchange their views with the Board. The Chairman and members of relevant Board committees and senior management of the Company are also available to answer the Shareholders' questions in the general meetings.

To safeguard Shareholders' interest and rights, a separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholders' meeting.

INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 31 December 2014, there was no significant change in the Company's memorandum of association and the Articles.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to convene a general meeting

Pursuant to Article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Such written requisition (i) must state the object of business to be transacted at the meeting, and (ii) must be signed by the requisitionists and (iii) deposited at the Company's principal place of business in Hong Kong in hard copy form for the attention to the Board or the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more of requisitionist(s).

Putting forward proposals at general meetings

Save as the procedures for the Shareholders to convene a general meeting as set out above and for the Shareholders to nominate a person for election as a director of the Company pursuant to Article 88 of the Articles, there are no other provisions allowing the Shareholders of the Company to put forward proposals at the general meeting of the Company under the Articles or of the Company under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Shareholders may follow the procedures set out above to convene an extraordinary general meeting of the Company for any business specified in such written requisition.

Shareholders' enquiries

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal place of business in Hong Kong. Questions about the procedures for convening or putting forward proposals at an annual general meeting or extraordinary general meeting of the Company may also be put to the Company Secretary by the same means.

Independent Auditor's Report

大信梁學濂(香港)會計師事務所

Accountants &
business advisers

26th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

TO THE SHAREHOLDERS OF CHINA MOBILE GAMES AND CULTURAL INVESTMENT LIMITED
(FORMERLY KNOWN AS COMPUTECH HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Mobile Games and Cultural Investment Limited (Formerly known as Computech Holdings Limited) (the "**Company**") set out on pages 48 to 119, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants
Hong Kong

25 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Revenue	4	**236,970**	99,557
Cost of inventories sold/services		**(71,490)**	(54,472)
Other gains and losses	4	**(673)**	(265)
Other revenue and income	4	**1,501**	1,060
Employee benefits expenses		**(101,376)**	(30,147)
Depreciation	11	**(23,431)**	(8,705)
Other operating expenses		**(51,480)**	(21,278)
Gain on disposals of subsidiaries	30	**1,131**	1,999
Gain on disposal of fish breeding business	32	**–**	1,240
Fair value change of investment properties	12	**–**	(1,603)
Gain on a bargain purchase of subsidiaries	29(d)	**–**	8,368
Impairment loss on a disposal group classified as held for sale	17	**–**	(1,071)
Impairment loss on available-for-sale investments		**(23,120)**	–
Share of results of associates	13	**8,050**	124
Finance costs		**(1,549)**	(4,048)
Loss before income tax	5	**(25,467)**	(9,241)
Income tax credit/(expense)	6	**887**	(362)
Loss for the year		**(24,580)**	(9,603)
Other comprehensive loss			
Items that maybe reclassified subsequently to profit or loss:-			
Exchange differences arising on translation of:			
– Financial statements of overseas subsidiaries		**(5)**	–
– Financial statements of overseas associates		**(147)**	–
Reclassification of translation reserve upon disposal of a subsidiary		**(5)**	–
Fair value adjustment on available-for-sale investments		**(23,120)**	–
Impairment loss of available-for-sale investments transferred to profit or loss		**23,120**	–
Other comprehensive loss for the year		**(157)**	–
Total comprehensive loss for the year		**(24,737)**	(9,603)
Loss for the year attributable to:			
Shareholders of the Company		**(26,189)**	(8,847)
Non-controlling interests		**1,609**	(756)
		(24,580)	(9,603)
Total comprehensive loss for the year attributable to:			
Shareholders of the Company		**(26,345)**	(8,847)
Non-controlling interests		**1,608**	(756)
		(24,737)	(9,603)
Basic loss per share *(HK cents)*	8	**(1.43)**	(1.50)
Diluted loss per share *(HK cents)*	8	**(1.43)**	(1.50)

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**23,453**	35,835
Investment properties	12	**–**	38,700
Investments in associates	13	**229,233**	1,561
Available-for-sale investments	16	**19,135**	–
Deferred tax assets	20	**2,887**	1,211
		274,708	77,307
CURRENT ASSETS			
Inventories	14	**1,961**	2,277
Debtors, deposits and prepayments	15	**47,181**	41,483
Financial assets at fair value through profit or loss	16	**773**	–
Income tax recoverable		**5**	44
Cash and bank balances		**53,527**	42,125
		103,447	85,929
Assets of a disposal group classified as held for sale	17	**–**	14,214
		103,447	100,143
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	18	**30,892**	13,318
Short-term borrowings	19	**15,000**	–
Income tax payable		**572**	166
		46,464	13,484
Liabilities of a disposal group classified as held for sale	17	**–**	1,214
		46,464	14,698
NET CURRENT ASSETS		**56,983**	85,445
TOTAL ASSETS LESS CURRENT LIABILITIES		**331,691**	162,752
NON-CURRENT LIABILITY			
Deferred tax liabilities	20	**10**	10
		10	10
NET ASSETS		**331,681**	162,742
CAPITAL AND RESERVES			
Share capital	21(a)	**24,961**	93,086
Share premium and reserves	22	**301,051**	68,825
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**326,012**	161,911
NON-CONTROLLING INTERESTS		**5,669**	831
TOTAL EQUITY		**331,681**	162,742

Approved and authorised for issue by the board of directors of the Company (the "**Board**") on 25 March 2015 and signed on its behalf by:

Zhang Xiongfeng
Director

Zhang Peiao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to shareholders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital reduction reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Convertible notes reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1.1.2013	55,770	110,004	–	–	–	–	13,809	–	(66,045)	113,538	–	113,538
Shares issued upon placing – Note 21(a)(i)	11,000	3,080	–	–	–	–	–	–	–	14,080	–	14,080
Shares issuing expenses	–	(563)	–	–	–	–	–	–	–	(563)	–	(563)
Acquisition of subsidiaries – Note 29(d)	–	–	–	–	–	–	–	–	–	–	1,584	1,584
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	3	3
Conversion of convertible notes – Note 21(a)(ii)	26,316	31,196	–	–	–	–	(13,809)	–	–	43,703	–	43,703
Loss and total comprehensive loss for the year	–	–	–	–	–	–	–	–	(8,847)	(8,847)	(756)	(9,603)
At 31.12.2013 and 1.1.2014	93,086	143,717	–	–	–	–	–	–	(74,892)	161,911	831	162,742
Shares issued – Note 21(a)	**103,366**	**88,157**	–	–	–	–	–	–	–	**191,523**	–	**191,523**
Shares issuing expenses	–	**(5,858)**	–	–	–	–	–	–	–	**(5,858)**	–	**(5,858)**
Capital reduction – Note 21(a)(vi)	**(171,491)**	–	**81,470**	–	–	–	–	–	**90,021**	–	–	–
Dividends declared to non-controlling shareholders – Note 36	–	–	–	–	–	–	–	–	–	–	**(120)**	**(120)**
Acquisition of subsidiaries – Note 29	–	–	–	–	–	–	–	–	–	–	**588**	**588**
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	**4**	**4**
Disposal of subsidiaries – Note 30(d)	–	–	–	–	–	–	–	–	–	–	**(5)**	**(5)**
Change in ownership interest in a subsidiary that do not result in a loss of control – Note 31	–	–	–	–	–	**(63)**	–	–	–	**(63)**	**2,763**	**2,700**
Share-based payments – Note 28	–	–	–	**4,844**	–	–	–	–	–	**4,844**	–	**4,844**
Loss and total comprehensive loss for the year	–	–	–	–	**(156)**	–	–	–	**(26,189)**	**(26,345)**	**1,608**	**(24,737)**
At 31.12.2014	**24,961**	**226,016**	**81,470**	**4,844**	**(156)**	**(63)**	–	–	**(11,060)**	**326,012**	**5,669**	**331,681**

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(25,467)**	(9,241)
Adjustments for:			
Interest income		**(175)**	(332)
Interest expenses		**1,549**	4,293
Depreciation		**23,431**	8,705
Fair value change of investment properties		**–**	1,603
Share of results of associates		**(8,050)**	(124)
Realised loss on financial assets at fair value through profit or loss		**–**	239
Unrealised loss on financial assets at a fair value through profit or loss		**225**	–
Impairment loss on available-for-sale investments		**23,120**	–
Impairment loss on trade debtors		**–**	45
Impairment loss on an associate		**4,309**	–
Impairment loss on a disposal group classified as held for sale		**–**	1,071
Loss on disposal of property, plant and equipment		**847**	26
Gain on disposals of subsidiaries		**(1,131)**	(1,999)
Gain on a bargain purchase of subsidiaries		**–**	(8,368)
Gain on disposal of fish breeding business		**–**	(1,240)
Share-based payments		**4,844**	–
Operating profit/(loss) before working capital changes		**23,502**	(5,322)
Decrease in inventories		**316**	261
Decrease in debtors, deposits and prepayments		**342**	18,738
Decrease in loan receivables		**–**	29,080
Increase/(decrease) in creditors, accruals and other payables		**10,348**	(4,400)
Increase in financial assets at fair value through profit or loss		**(998)**	–
Cash generated from operations		**33,510**	38,357
Income tax paid			
Hong Kong Profits Tax		**(88)**	(193)
Overseas tax		**(196)**	–
NET CASH GENERATED FROM OPERATING ACTIVITIES		**33,226**	38,164
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in associates		**(224,598)**	–
Purchase of available-for-sale investments		**(42,255)**	–
Payments to acquire property, plant and equipment		**(12,324)**	(1,726)
Net cash inflow arising on disposals of subsidiaries	17,30	**50,390**	1,999
Proceed from non-controlling shareholder arising from deemed disposal	31	**2,700**	–
Net cash inflow/(outflow) arising on acquisitions of subsidiaries	29	**1,913**	(67,998)
Dividend received from an associate		**520**	–
Interest received		**175**	332
Net cash outflow arising on acquisition of net assets	29(c)	**–**	(40,000)
Proceed from disposal of fish breeding business		**–**	16,740
Proceed from disposal of financial assets at fair value through profit or loss		**–**	6,505
Proceed on disposal of property, plant and equipment		**–**	270
NET CASH USED IN INVESTING ACTIVITIES		**(223,479)**	(83,878)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		**191,523**	14,080
New borrowings raised		**39,000**	31,000
Capital contribution from a non-controlling shareholder of a subsidiary		**4**	3
Repayment of borrowings		**(24,000)**	(31,000)
Shares issuing expenses		**(5,858)**	(563)
Interest paid		**(1,549)**	(177)
Dividend paid to non-controlling shareholders		**(120)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		**199,000**	13,343
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**8,747**	(32,371)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**44,785**	77,156
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(5)**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**53,527**	44,785
Represented by cash and bank balances included in assets of a disposal group classified as held for sale	17	**–**	2,660
Represented by cash and bank balances as stated on statement of financial position		**53,527**	42,125
		53,527	44,785

1. GENERAL INFORMATION

China Mobile Games and Cultural Investment Limited (the "**Company**") is a limited liability Company incorporated in the Cayman Islands. The addresses of its registered office and principal place of business are disclosed in the "Corporate Information" section of the annual report.

The Company and its subsidiaries (collectively the "**Group**") are principally engaged in five business segments, namely (i) mobile-online game business and provision of games related integral marketing services; (ii) provision of IT services (iii) money lending business; (iv) provision of medical diagnostic and health check services; and (v) securities investments business.

The shares of the Company are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "**Hong Kong Financial Reporting Standards**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:

HK(IFRIC)–Int 21	Levies
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10	Investment Entities
Annual improvements to HKFRSs (2010 – 2012)	Amendments to HKFRS 2 and HKFRS 3

The initial application of these financial reporting standards does not necessitate material changes in the Group's accounting policies and retrospective adjustments of the comparatives presented in the consolidated financial statements.

2. BASIS OF PREPARATION (CONT'D)

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 December 2014 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2014:

HKFRS 9 (2014)	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Bearer Plants
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements to HKFRSs (2010 – 2012)	Amendments to HKFRS 8, HKAS 16, HKAS 24 and HKAS 38
Annual Improvements to HKFRSs (2011 – 2013)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40
Annual Improvements to HKFRSs (2012 – 2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19

The Group is required to initially apply these standards and amendments in its annual consolidated financial statements beginning on 1 January 2016, except that the Group is required to initially apply amendments to HKAS 19, Annual Improvements (2010 – 2013) and Annual Improvements (2011 – 2013) in its annual consolidated financial statements beginning on 1 January 2015, and to initially apply HKFRS 15 and HKFRS 9 (2014) in its annual consolidated financial statements beginning on 1 January 2017 and 2018 respectively. HKFRS 14 is not applicable to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 include the Group and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial instruments which are carried at fair values.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 27.

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries and non-controlling interests (Cont'd)

Changes in the Group interest's in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(i)), unless the investment included in a disposal group that is classified as held for sale (see note 3(t)).

(c) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is included in a disposal group that is classified as held for sale (see note 3(t)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 3(d) and (i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Associates (Cont'd)

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the considered transferred, the amount of any non-controlling interest in the acquire and the fair value of the Group's previously held equity interest in the acquire; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 3(i)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Other investments in equity securities

Investments in securities held for trading are classified as financial assets at fair value through profit or loss under current assets. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Other investments in equity securities (Cont'd)

Available-for-sale financial assets are non-derivatives that are designated as available-for-sale or not classified as financial assets at fair value through profit or loss and loans and receivables. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses see note 3(i).

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see 3(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 3(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 3(h).

(g) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 3(i)):

– buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 3(h)); and

– other items of plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Other property, plant and equipment (Cont'd)

Depreciation is calculated to write off the costs of property, plant and equipment to their estimated residual values over their estimated useful lives on a straight-line basis as set out below:

Office equipment	–	3 to 5 years
Plant, machinery and equipment	–	5 years
Furniture and fixtures	–	4 to 5 years
Leasehold improvements	–	the shorter of remaining lease term and useful life
Motor vehicles	–	5 years
Leasehold land	–	over the remaining unexpired lease term
Building	–	29 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(h) Leases

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 3(f)).

(i) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities and trade and other receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of assets (Cont'd)

(i) Impairment of investments in equity securities and trade and other receivables (Cont'd)

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in an associate accounted for under the equity method in the consolidated financial statements (see note 3(c)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 3(i)(ii).

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of assets (Cont'd)

(i) Impairment of investments in equity securities and trade and other receivables (Cont'd)

Impairment losses are written off against corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– goodwill; and

– interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of assets (Cont'd)

(ii) Impairment of other assets (Cont'd)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 3(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash equivalents

Cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(o) Employee benefits

Salaries, annual bonuses and annual leave entitlements are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as incurred.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they are relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income tax (Cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is immaterial, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer. Revenue is after deduction of any trade discounts.

(ii) Service income

Income from rendering of services is recognised at the time when the services are provided.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(t) A disposal group classified as held for sale

A disposal group is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the disposal group is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the disposal group, is recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investment in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 3.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is included in a disposal group that is classified as held for sale, the non-current assets is not depreciated or amortised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Related parties

A person or a close member of that person's family is related to the Group if that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if (i) the entity and the Group are members of the same group of companies, (ii) the entity is an associate or a joint venture of either the Group or a member of a group of which the Group is a member, (iii) the Group is an associate or a joint venture of either the entity or a member of a group of which the entity is a member, (iv) the entity and the Group are joint ventures of the same third party, (v) the entity is a joint venture of a third entity and the Group is an associate of that third entity, (vi) the Group is a joint venture of a third entity and the entity is an associate of that third entity, (vii) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group, (viii) the entity is controlled or jointly controlled by a person related to the Group or a close member of that person's family, (ix) a person who has control or joint control over the Group has significant influence over the entity, or (x) a person who has control or joint control over the Group is a member of the key management personnel of the entity (or of a parent of the entity).

(v) Share-based payments

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options and warrants granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Significant judgement

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the consolidated financial statements are made in determining:

(i) whether the significant risks and rewards of ownership of goods have been transferred to the buyer;

(ii) whether there is an indication of impairment of assets;

(iii) whether the discount rates used to calculate the recoverable amount of assets are appropriate for the purpose of impairment review; and

(iv) the expected manner of recovery of the carrying amount of assets.

4. REVENUE, SEGMENT REPORTING AND OTHER GAINS AND LOSSES

(a) Revenue

The principal activities of the Group are (i) mobile-online game business and provision of games related integral marketing services; (ii) provision of IT services; (iii) money lending business; (iv) provision of medical diagnostic and health check services; and (v) securities investments business.

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. An analysis of the Group's revenue is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Income from mobile-online game business and provision of games related integral marketing services	**45,653**	–
Income from provision of IT services	**3,137**	48,487
Loans interest and related income	**131**	4,936
Income from provision of medical diagnostic and health check services	**188,049**	46,134
Total	**236,970**	99,557
Other revenue		
Interest income	**175**	332
	237,145	99,889

In 2014, there is one customer with whom transactions have exceeded 10% of the Group's revenue amounted to approximately HK$35,797,000 arose in the People's Republic of China (the "**PRC**"). In 2013, two customers with whom transactions had exceeded 10% of the Group's revenue amounted to approximately HK$40,953,000 arose in Hong Kong.

4. REVENUE, SEGMENT REPORTING AND OTHER GAINS AND LOSSES (CONT'D)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Mobile-online game business and provision of games related integral marketing services;

– Provision of IT services;

– Money lending business;

– Provision of medical diagnostic and health check services; and

– Securities investments business.

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Assets and liabilities are allocated to the reportable segments excluding unallocated corporate assets and liabilities.

The measure used for reporting segment profit is "adjusted EBIT", i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments.

4. REVENUE, SEGMENT REPORTING AND OTHER GAINS AND LOSSES (CONT'D)

(b) Segment reporting (Cont'd)

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

(i) Segment results

	Mobile-online game business and provision of games related integral marketing services		Provision of IT services		Money lending business		Provision of medical diagnostic and health check services		Securities investments business		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE												
External customers	**45,653**	–	**3,137**	48,487	**131**	4,936	**188,049**	46,134	**–**	–	**236,970**	99,557
RESULTS												
Segments profit/(loss)	**6,766**	–	**64**	(684)	**(154)**	(17)	**7,429**	(3,178)	**(23,469)**	(239)	**(9,364)**	(4,118)
Unallocated head office and corporate income and expenses											**(14,729)**	(8,341)
Interest income											**175**	332
Gain on disposal of fish breeding business											**–**	1,240
Fair value change of investment properties											**–**	(1,603)
Impairment loss on a disposal group classified as held for sale											**–**	(1,071)
Gain on a bargain purchase of a subsidiary											**–**	8,368
Finance costs											**(1,549)**	(4,048)
Loss before income tax											**(25,467)**	(9,241)

	Mobile-online game business and provision of games related integral marketing services		Provision of IT services		Money lending business		Provision of medical diagnostic and health check services		Securities investments business		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment results:														
Depreciation	**6**	–	**112**	76	**43**	216	**23,155**	8,413	**–**	–	**115**	–	**23,431**	8,705
Share of results of associates	**5,586**	–	**–**	–	**–**	–	**365**	124	**–**	–	**2,099**	–	**8,050**	124
Gain on disposals of subsidiaries	**–**	–	**973**	–	**60**	–	**–**	–	**–**	–	**98**	1,999	**1,131**	1,999
Impairment loss on available-for-sale investments	**–**	–	**–**	–	**–**	–	**–**	–	**23,120**	–	**–**	–	**23,120**	–

4. REVENUE, SEGMENT REPORTING AND OTHER GAINS AND LOSSES (CONT'D)

(b) Segment reporting (Cont'd)

(ii) Segment assets and liabilities

	Reportable segments															
	Mobile-online game business and provision of games related integral marketing services		Provision of IT services		Money lending business		Provision of medical diagnostic and health check services		Securities investments business		Reportable segments total		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS	**249,037**	–	**–**	668	**75**	32,158	**78,357**	96,668	**19,909**	–	**347,378**	129,494	**30,777**	47,956	**378,155**	177,450
LIABILITIES	**14,107**	–	**–**	196	**–**	1,693	**14,299**	10,374	**–**	–	**28,406**	12,263	**18,068**	2,445	**46,474**	14,708

	Mobile-online game business and provision of games related integral marketing services		Provision of IT services		Money lending business		Provision of medical diagnostic and health check services		Securities investments business		Reportable segments total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment assets:												
Investments in associates	**222,967**	–	**–**	–	**–**	–	**1,407**	1,561	**–**	–	**224,374**	1,561
Amounts regularly provided to the chief operating decision maker:												
Additions to property, plant and equipment	**245**	–	**43**	222	**62**	300	**11,510**	1,182	**–**	–	**11,860**	1,704
Additions to investments in associates	**221,837**	–	**–**	–	**–**	–	**–**	–	**–**	–	**221,837**	–

4. REVENUE, SEGMENT REPORTING AND OTHER GAINS AND LOSSES (CONT'D)

(b) Segment reporting (Cont'd)

(iii) Geographical information

The Group's operations are mainly located in Hong Kong and the PRC. The following table sets out information about (i) the Group's revenue from external customers; and (ii) the geographical location of the Group's non-current assets (excluding available-for-sale investments and deferred tax assets) ("specified non-current assets"), based on the place of domicile of the relevant group entity.

	Revenue from external customers		Specified non-current assets	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**191,317**	99,557	**29,687**	76,096
The PRC	**45,653**	–	**222,999**	–
	236,970	99,557	**252,686**	76,096

(c) Other gains and losses

	2014	2013
	HK$'000	*HK$'000*
Compensation income arising from profit guarantee realisation	**4,801**	–
Impairment loss on interest in an associate	**(4,309)**	–
Loss on disposal of property, plant and equipment	**(847)**	(26)
Unrealised loss on financial assets at fair value through profit or loss	**(225)**	–
Realised loss on financial assets at fair value through profit or loss	**(93)**	(239)
	(673)	(265)

5. LOSS BEFORE INCOME TAX

	2014 *HK$'000*	2013 *HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Cost of inventories expensed	**71,490**	54,286
Direct expenses arising from money lending business		
– interest expenses	**–**	245
– other costs	**10**	70
	10	315
Auditors' remuneration		
– audit services	**627**	375
– other services	**50**	–
	677	375
Depreciation	**23,431**	8,705
Directors' remuneration – Note 10(a)	**5,166**	1,605
Other staff salaries and benefits	**91,383**	28,124
Retirement scheme contributions, excluding those of directors	**2,438**	418
Share based payments, excluding those of directors	**2,389**	–
Net exchange loss	**3**	33
Impairment loss on trade debtors	**–**	45
Interest on borrowings wholly repayable within five years	**1,549**	4,048
Minimum lease payments paid under operating leases	**13,074**	3,754
Professional and consultancy service fees	**10,405**	8,427
Advertising and promotion	**8,017**	1,939
Building management fee	**3,852**	1,004
Repairs and maintenance	**3,148**	836
Rental income from investment properties less direct outgoings of HK$18,000 (2013: HK$57,000)	**(707)**	(548)

6. INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense represents the sum of the current tax and deferred tax and is made up as follows:

	2014 HK$'000	2013 HK$'000
Provision for Hong Kong Profits Tax		
Current year	**181**	362
Over-provision in respect of previous year	**(10)**	–
	171	362
Provision for PRC Enterprise Income Tax		
Current year	**618**	–
Deferred taxation – Note 20		
Current year	**(1,676)**	–
	(887)	362

The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the net estimated assessable profits for the year. The Group's subsidiaries operating in the PRC are subject to the tax rate at 25%.

6. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

(a) Income tax (credit)/expense for the year can be reconciled to the loss before income tax as per consolidated statement of profit or loss as follows:

	Hong Kong		PRC		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	***HK$'000***	HK$'000	***HK$'000***	HK$'000
(Loss)/profit before income tax	**(26,155)**	(9,241)	**688**	–	**(25,467)**	(9,241)
Applicable tax rate (%)	**16.5**	16.5	**25**	25	**N/A**	N/A
Tax on (loss)/profit before income tax, calculated at the applicable tax rate	**(4,316)**	(1,525)	**172**	–	**(4,144)**	(1,525)
Tax effect of income that is not taxable	**(1,006)**	(1,979)	**–**	–	**(1,006)**	(1,979)
Tax effect of expenses that are not deductible	**2,696**	2,321	**–**	–	**2,696**	2,321
Tax effect of unrecognised accelerated depreciation allowances	**(196)**	(314)	**–**	–	**(196)**	(314)
Tax effect of tax losses not recognised	**6,746**	3,520	**446**	–	**7,192**	3,520
Tax effect of share of results of associates	**(1,328)**	(20)	**–**	–	**(1,328)**	(20)
Tax effect of utilisation of tax losses previously not recognised	**(4,091)**	(1,621)	**–**	–	**(4,091)**	(1,621)
Over-provision in respect of previous year	**(10)**	–	**–**	–	**(10)**	–
Tax reduction	**–**	(20)	**–**	–	**–**	(20)
Income tax (credit)/expense	**(1,505)**	362	**618**	–	**(887)**	362

(b) The components of unrecognised deductible/(taxable) temporary differences are as follows:

	2014	2013
	HK$'000	*HK$'000*
Deductible temporary difference – Note 6(b)(i)		
Unutilised tax losses	**232,229**	256,966
Taxable temporary difference – Note 6(b)(ii)		
Accelerated depreciation allowances	**(1,268)**	(207)
Net deductible temporary differences	**230,961**	256,759

6. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

(b) (cont'd)

(i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. The unutilised tax losses accumulated in the Group amounted to HK$230,445,000 (2013: HK$256,966,000) can be carried forward indefinitely and HK$1,784,000 (2013: Nil) can be carried forward for five years following the year when the losses were incurred, respectively.

(ii) Taxable temporary difference has not been recognised in these financial statements owing to immateriality.

7. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year is based on the following data:

	2014 **HK$'000**	2013 HK$'000
Loss for the year attributable to shareholders of the Company	**(26,189)**	(8,847)

	2014	2013 *(Restated)*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculation of basic loss per share	**1,832,805,243**	590,340,969
Effect of diluted potential ordinary shares as a result of the share options granted (Note)	**–**	–
Weighted average number of ordinary shares in issue for the purpose of calculation of diluted loss per share	**1,832,805,243**	590,340,969

The weighted average number of ordinary shares in issue for the year ended 31 December 2013 for the purpose of basic and diluted loss per share has been adjusted and restated upon the ex-date of rights issues on 16 April 2014.

Note: The computation of diluted loss per share for the year ended 31 December 2014 does not assume the conversion of the Company's outstanding share options since their exercise would result a reduction in loss per share for the year which is regarded as anti-dilutive.

9. RETIREMENT BENEFIT COSTS

The Group had participated in a defined contribution scheme which is registered under Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately in independently managed and administered funds. Contributions to the MPF Scheme are made by both the employer and employee at 5% on the employees' salaries. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in the future years.

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Details of emoluments paid by the Group to the directors during the year are as follows:

2014	Notes	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Bonus HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors:							
Zhang Xiongfeng		120	120	20	7	1,473	1,740
Zhang Peiao	iii	111	1,107	101	–	982	2,301
Hung Kenneth	iv	104	520	37	15	–	676
Mak Kwong Yiu	v	39	–	–	–	–	39
Kwok Shum Tim	vi	14	155	–	1	–	170
		388	1,902	158	23	2,455	4,926
Independent non-executive directors:							
Wong Siu Keung, Joe		120	–	–	–	–	120
Wong Ching Yip		60	–	–	–	–	60
Luk Chi Shing		60	–	–	–	–	60
		240	–	–	–	–	240
		628	1,902	158	23	2,455	5,166

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (CONT'D)

(a) Director's emoluments (Cont'd)

2013	Notes	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Bonus HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors:							
Zhang Xiongfeng		7	8	–	–	–	15
Zhang Peiao		–	–	–	–	–	–
Hung Kenneth		–	–	–	–	–	–
Mak Kwong Yiu		120	–	–	–	–	120
Yang Yue Zhou	vii	–	150	–	–	–	150
Jiang Tan Shan	viii	–	–	–	–	–	–
Kwok Shum Tim	vi	173	900	–	7	–	1,080
		300	1,058	–	7	–	1,365
Independent non-executive directors:							
Wong Siu Keung, Joe		120	–	–	–	–	120
Wong Ching Yip		60	–	–	–	–	60
Luk Chi Shing		60	–	–	–	–	60
		240	–	–	–	–	240
		540	1,058	–	7	–	1,605

(i) No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(ii) None of the directors waived any emoluments during the two years.

(iii) Appointed on 30 January 2014.

(iv) Appointed on 18 February 2014.

(v) Resigned on 28 April 2014.

(vi) Appointed on 18 January 2013 and resigned on 30 January 2014.

(vii) Resigned on 31 December 2013.

(viii) Resigned on 20 December 2013.

Bonuses are determined on a discretionary basis by the Board with reference to the Group's operating results for the current financial year and individual performance.

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (CONT'D)

(b) Five highest paid individuals

Among the five highest paid individuals, none of them (2013: one) is a director of the Company.

The emoluments and designated band of the five (2013: four) highest paid, non-director individuals during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Salaries and allowances	**21,649**	4,521
Retirement scheme contributions	**84**	15
	21,733	4,536

The emoluments of the five (2013: four) individuals with the highest emoluments are within the following bands:

	2014	2013
	Numbers of individuals	*Numbers of individuals*
HK$		
Nil – 1,000,000	**–**	–
1,000,001 – 1,500,000	**–**	4
1,500,001 – 2,000,000	**–**	–
2,000,001 – 2,500,000	**–**	–
2,500,001 – 3,000,000	**–**	–
3,000,001 – 3,500,000	**–**	–
3,500,001 – 4,000,000	**–**	–
4,000,001 – 4,500,000	**4**	–
4,500,001 – 5,000,000	**1**	–

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Building HK$'000	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:								
At 1.1.2013	4,888	262	283	–	125	63	695	6,316
Additions arising from acquisition of subsidiaries – Note 29(d)	–	–	9,183	27,747	4,846	457	263	42,496
Additions	–	–	131	1,053	233	9	300	1,726
Classified as held for sale – Note 17	(4,888)	(262)	(236)	–	(14)	(20)	(317)	(5,737)
Disposals	–	–	–	–	–	–	(378)	(378)
At 31.12.2013	–	–	9,361	28,800	5,190	509	563	44,423
Accumulated depreciation:								
At 1.1.2013	90	11	92	–	44	19	161	417
Charge for the year	70	9	2,455	5,233	734	85	119	8,705
Classified as held for sale – Note 17	(160)	(20)	(114)	–	(6)	(9)	(143)	(452)
Written back on disposals	–	–	–	–	–	–	(82)	(82)
At 31.12.2013	–	–	2,433	5,233	772	95	55	8,588
Net book value:								
At 31.12.2013	–	–	6,928	23,567	4,418	414	508	35,835
Cost:								
At 1.1.2014	–	–	9,361	28,800	5,190	509	563	44,423
Additions arising from acquisition of subsidiaries – Note 29(a)	–	–	–	–	260	–	–	260
Additions	–	–	520	10,762	942	100	–	12,324
Disposals of subsidiaries – Notes 30	–	–	(178)	–	(375)	–	(300)	(853)
Disposals	–	–	(103)	(1,469)	(1)	(2)	–	(1,575)
At 31.12.2014	–	–	9,600	38,093	6,016	607	263	54,579
Accumulated depreciation:								
At 1.1.2014	–	–	2,433	5,233	772	95	55	8,588
Charge for the year	–	–	4,085	16,684	2,281	212	169	23,431
Disposals of subsidiaries – Notes 30	–	–	(20)	–	(99)	–	(46)	(165)
Written back on disposals	–	–	(53)	(674)	(1)	–	–	(728)
At 31.12.2014	–	–	6,445	21,243	2,953	307	178	31,126
Net book value:								
At 31.12.2014	–	–	3,155	16,850	3,063	300	85	23,453

The leasehold land is situated in Hong Kong under long lease.

12. INVESTMENT PROPERTIES

Level 3 fair value measurement:

	2014	2013
	HK$'000	*HK$'000*
At 1.1	**38,700**	–
Addition arising from acquisition of net assets – Note 29(c)	**–**	40,303
Loss arising on change in fair value	**–**	(1,603)
Disposal of net assets – Note 30(b)	**(38,700)**	–
At 31.12	**–**	38,700

The Group's properties interest held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. These properties are located at Shops Nos. 12A, 12B and 12C, Ground Floor, Hip Wo House, Nos. 167A, 167B and 167C Hip Wo Street, Kwun Tong, Kowloon, Hong Kong and held under medium term lease.

The fair value of the Group's investment properties measured at 31 December 2013 was categorised as Level 3 of fair value hierarchy as defined in HKFRS 13.

Information about Level 3 fair value measurement:

	Valuation techniques	**Unobservable input**	**Range**	**Weighted average**
Commercial property units in Hong Kong	Market comparison approach	Time value	-0.3% to 0%	-0.15%
		Pedestrian flow	-10% to 2.5%	-3.75%
		Frontage	-5% to -10%	-7.5%

The fair value of investment properties located in Hong Kong was determined using market comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted by time value factor, pedestrian flow and frontage specific to the Group's investment properties compared to the recent sales. The fair value measurement is positively correlated to pedestrian flow and frontage, and negatively correlated to time value factor.

Fair value adjustment of investment properties was recognised in the line item "Fair value change of investment properties" on the face of the consolidated statement of profit or loss.

All the loss recognised in profit or loss for the year ended 31 December 2013 arising from the investment properties held at 31 December 2013.

The Group had pledged the investment properties with carrying amount of HK$38,700,000 to secure general banking facilities granted to the Group as at 31 December 2013.

13. INVESTMENTS IN ASSOCIATES

	2014 HK$'000	2013 HK$'000
Cost of unlisted investment in associates	**226,035**	1,437
Share of post-acquisition profits and reserves, net of dividends received	**7,507**	124
	233,542	1,561
Less: Impairment loss	**(4,309)**	–
	229,233	1,561

Include in the cost of unlisted investments in associates at the end of the reporting period is goodwill arising in acquisition of HK$200,167,000 (2013: Nil).

The following list contains only the particulars of the associates, unlisted corporate entities whose quoted market prices are not available:

Name	Form of business structure	Place of incorporation/ and business	Proportion of ownership interest held by a subsidiary	Group's effective interest	Principal activity
Mighty Eight Investments Limited ("**Mighty Eight**")	Incorporated	Samoa	24%	24%	Investment holding
Nuada Limited	Incorporated	Hong Kong	30%	30%	Provision of corporate financial advisory services
Youle Holdings Limited	Incorporated	Samoa	12.5%	12.5%	Investment holding
Wang Yan Network Limited	Incorporated	Samoa	20%	20%	Investment holding
First Oriental Nuclear Medicine Limited	Incorporated	Hong Kong	26%	23.07% (2013: 25.61%)	Provision of PET scanning services

13. INVESTMENTS IN ASSOCIATES (CONT'D)

Mighty Eighty and its subsidiaries and controlled companies, namely Something Big Technology Company Limited, Shanghai Wanjia Network Technology Co., Ltd. and Shanghai Something Big Technology Co., Ltd. are principally engaged in design, development, marketing and distribution and operation of mobile-online games.

All of these associates are accounted for using the equity method in the consolidated financial statements.

The summarised financial information in respect of the material associate, Mighty Eight, is set out below:

	2014 *HK$'000*
Gross amount of the associate	
Current assets	129,865
Non-current assets	56,284
Current liabilities	(73,653)
Non-current liabilities	(1,041)
Equity	111,455

	From 5.9.2014 to 31.12.2014 *HK$'000*
Revenue	47,903
Profit for the period	27,388
Other comprehensive loss for the period	(607)
Total comprehensive income for the period	26,781
Reconciled to the group's interests in the associate	
Gross amount of net assets of the associate	111,455
Group's effective interest	24%
Group's share of net assets of the associate	26,749
Goodwill	192,518
Carrying amount in of the Group's interest in Mighty Eight	219,267

In the opinion of the directors, the remaining associates of the Group are all individually not material to the Group. Aggregate financial information in respect of the Group's share of these associates' profits and other comprehensive income are set out in the consolidated statement of profit or loss and other comprehensive income.

14. INVENTORIES

	2014 *HK$'000*	2013 *HK$'000*
Inventories of clinical supplies, at cost	**1,961**	2,277

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	2014 *HK$'000*	2013 *HK$'000*
Trade debtors	**26,349**	22,591
Less: Provision for impairment loss – Note 15(b)	**(45)**	(45)
	26,304	22,546
Other debtors, deposits and prepayments	**20,877**	18,937
	47,181	41,483

Notes:

(a) The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associate with trade debtors, credit evaluations of customers are performed periodically. The credit period given to trade debtors ranged from 30 days to 90 days. The following is an aging analysis of trade debtors:

	2014 *HK$'000*	2013 *HK$'000*
Within 1 month	**11,542**	7,791
1 to 2 months	**7,176**	6,729
2 to 3 months	**3,715**	3,323
Over 3 months	**3,871**	4,703
	26,304	22,546

(b) Impairment loss in respect of trade debtors from third parties is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors.

The movement in the allowance for doubtful debts during the year is as follows:

	2014 *HK$'000*	2013 *HK$'000*
At 1 January	**45**	–
Impairment loss on trade debtors	**–**	45
At 31 December	**45**	45

15. DEBTORS, DEPOSITS AND PREPAYMENTS (CONT'D)

Notes: (Cont'd)

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**22,433**	17,843
Less than 1 month past due	**1,965**	1,827
1 to 3 months past due	**1,603**	2,876
Over 3 months past due	**303**	–
	3,871	4,703
	26,304	22,546

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16. OTHER INVESTMENTS IN EQUITY SECURITIES

	2014 HK$'000	2013 HK$'000
Available-for-sale investments		
Listed shares in Hong Kong, at fair value	**19,135**	–
Financial assets at fair value through profit or loss		
Listed shares in Hong Kong, at fair value	**773**	–

17. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 29 January 2014, the Group and Billion Legend Trading Limited ("**Billion Legend**") entered into an agreement, pursuant to which Billion Legend has agreed to acquire and the Group agreed to sell the entire equity interest of Computech Online Limited and its subsidiaries (the "**Disposal Group**") at a total consideration of HK$13,000,000. Upon completion of the disposal, the Disposal Group will cease to be subsidiaries of the Group. The disposal has been completed on 11 February 2014. Details of the disposal are set out in the Company's announcement dated 29 January 2014.

The major classes of assets and liabilities comprising the Disposal Group classified as held for sale as at 31 December 2013 are as follows:

	2013 *HK$'000*
Goodwill	**97**
Property, plant and equipment – Note 11	**5,285**
Loan receivables	**6,099**
Debtors, deposits and prepayments	**1,144**
Cash and bank balances	**2,660**
	15,285
Less: Loss on remeasurement to fair value less costs to sell in respect of disposal group held for sale recognised during the year ended 31 December 2013 – Note	**(1,071)**
Assets of a disposal group classified as held for sale	**14,214**
Creditors and accruals	**1,214**
Liabilities of a disposal group classified as held for sale	**1,214**

Note: The amount of HK$1,071,000 represented the loss on remeasurement to fair value less costs to sell, which was calculated based on the difference between the carrying amount of the net assets of the Disposal Group as at 31 December 2013 and the consideration in respect of the disposal of HK$13,000,000. The fair value of the Disposal Group is categorised as Level 2 of fair value hierarchy as defined in HKFRS 13.

Net cash inflow arising on disposal of subsidiaries	**2014** ***HK$'000***
Cash consideration received	**13,000**
Less: Cash and bank balances disposed of	**(2,660)**
	10,340

18. CREDITORS, ACCRUALS AND OTHER PAYABLES

	2014 HK$'000	2013 HK$'000
Trade creditors	**7,387**	3,106
Accruals and other payables	**22,334**	9,113
Deposits received	**1,171**	1,099
	30,892	13,318

The following is an aging analysis of trade creditors of the Group:

	2014 HK$'000	2013 HK$'000
Within 3 months	**6,916**	3,106
Over 3 months	**471**	–
	7,387	3,106

19. SHORT-TERM BORROWINGS

These borrowings carry interest at fixed interest rate of 8% per annum, unsecured and repayable within one year.

20. DEFERRED TAXATION

An analysis of the deferred tax balances in the consolidated statement of financial position is as follows:

	2014 HK$'000	2013 HK$'000
Deferred tax assets	**2,887**	1,211
Deferred tax liabilities	**(10)**	(10)
	2,877	1,201

20. DEFERRED TAXATION (CONT'D)

The followings are the major deferred tax balances recognised and movements thereon during the year:

	Unutilised tax losses *HK$'000*	(Accelerated)/ decelerated tax allowances *HK$'000*	Total *HK$'000*
At 1.1.2013	–	–	–
Addition arising from acquisition of subsidiaries – Note 29(d)	1,211	(10)	1,201
At 31.12.2013 and 1.1.2014	1,211	(10)	1,201
Credited to profit or loss for the year – Note 6	–	1,676	1,676
At 31.12.2014	**1,211**	**1,666**	**2,877**

21. SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Share capital

	Notes	Number of shares	HK$'000
Authorised:			
Ordinary shares of HK$0.1 each at 1.1.2013, 31.12.2013 and 1.1.2014		1,000,000,000	100,000
Increase in authorised share capital on 14.1.2014	(ix)	1,000,000,000	100,000
Share sub-division on 11.7.2014	(vi)	18,000,000,000	–
Ordinary shares of HK$0.01 each at 31.12.2014		20,000,000,000	200,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each at 1.1.2013		557,699,728	55,770
Issue of shares through placing	(i)	110,000,000	11,000
Conversion of convertible notes	(ii)	263,157,892	26,316
Ordinary shares of HK$0.1 each at 31.12.2013 and 1.1.2014		930,857,620	93,086
Issue of shares through placing	(iii)	190,000,000	19,000
Rights issue	(iv)	560,428,810	56,043
Issue of shares	(v)	224,166,000	22,416
Effect of capital reduction and shares sub-division	(vi)	–	(171,491)
Issue of shares through placing	(vii)	209,592,000	2,096
Issue of shares	(viii)	381,078,000	3,811
Ordinary shares of HK$0.01 each at 31.12.2014		2,496,122,430	24,961

21. SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONT'D)

(a) Share capital (Cont'd)

Notes:

(i) On 28 November 2013, a total of 110,000,000 new shares of the Company were issued at a placing price of HK$0.128 each to not less than six placees.

(ii) The holder of the convertible notes at a par value of HK$50,000,000 and maturity date of 5 March 2015 converted at the adjusted conversion price of HK$0.19 each during the year ended 31 December 2013:

- On 26 November 2013, a total of 52,631,578 ordinary shares at par value of HK$0.1 each in the principal amount of HK$10,000,000 were issued as a result of conversion.
- On 3 December 2013, a total of 78,947,368 ordinary shares at par value of HK$0.1 each in the principal amount of HK$15,000,000 were issued as a result of conversion.
- On 6 December 2013, a total of 78,947,368 ordinary shares at par value of HK$0.1 each in the principal amount of HK$15,000,000 each were issued as a result of conversion.
- On 11 December 2013, a total of 52,631,578 ordinary shares at par value of HK$0.1 each in the principal amount of HK$10,000,000 were issued as a result of conversion.

(iii) On 27 January 2014, a total of 190,000,000 new shares of the Company were issued at a placing price of HK$0.128 each.

(iv) On 21 May 2014, a total of 560,428,810 new shares were allotted and issued on the basis of 1 rights share for every 2 ordinary shares of the Company at a subscription price of HK$0.128 per rights share.

(v) On 16 June 2014, a total of 224,166,000 new shares of the Company were issued at par value of HK$0.1 each.

(vi) Pursuant to the extraordinary resolution of the Company passed on 11 July 2014, the par value of each of the issued existing shares was reduced from HK$0.1 to HK$0.01 each. The paid up capital of each of the 1,905,452,430 issued existing shares was reduced from HK$0.10 to HK$0.01 per share.

(vii) On 28 August 2014, a total of 209,592,000 new shares were issued at a placing price of HK$0.134 each.

(viii) On 29 August 2014, a total of 381,078,000 new shares of the Company were issued at a price of HK$0.118 each.

(ix) Pursuant to the ordinary resolution passed on 14 January 2014, the authorised share capital increased from HK$100,000,000 divided into 1,000,000,000 ordinary shares of HK$0.1 each to HK$200,000,000 divided into 2,000,000,000 ordinary shares of HK$0.1 each by the creation of an additional 1,000,000,000 shares.

21. SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONT'D)

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debt as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debt and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less cash and cash equivalents. Equity capital comprises all components of equity (i.e. share capital and reserves). The debt-to-equity capital ratios at 31 December 2014 and at 31 December 2013 were as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Total debt	**46,474**	14,708
Less: Cash and cash equivalents	**(53,527)**	(44,785)
Net debt	**–**	–
Total equity	**331,681**	162,742
Net debt-to-equity capital ratio	**N/A**	N/A

22. SHARE PREMIUM AND RESERVES

The Group	Share premium *HK$'000*	Capital reduction reserve *HK$'000*	Share options reserve *HK$'000*	Translation reserve *HK$'000*	Other reserve *HK$'000*	Convertible notes reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1.1.2013	110,004	–	–	–	–	13,809	–	(66,045)	57,768
Shares issued upon placing – Note 21(a)(i)	3,080	–	–	–	–	–	–	–	3,080
Shares issuing expenses	(563)	–	–	–	–	–	–	–	(563)
Conversion of convertible notes – Note 21(a)(ii)	31,196	–	–	–	–	(13,809)	–	–	17,387
Loss and total comprehensive loss for the year	–	–	–	–	–	–	–	(8,847)	(8,847)
At 31.12.2013 and 1.1.2014	**143,717**	**–**	**–**	**–**	**–**	**–**	**–**	**(74,892)**	**68,825**
Shares issued – Note 21(a)	**88,157**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**88,157**
Shares issuing expenses	**(5,858)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,858)**
Capital reduction – Note 21(a)(vi)	**–**	**81,470**	**–**	**–**	**–**	**–**	**–**	**90,021**	**171,491**
Change in ownership interest in a subsidiary that do not result in a loss of control – Note 31	**–**	**–**	**–**	**–**	**(63)**	**–**	**–**	**–**	**(63)**
Share-based payments – Note 28	**–**	**–**	**4,844**	**–**	**–**	**–**	**–**	**–**	**4,844**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(156)**	**–**	**–**	**–**	**(26,189)**	**(26,345)**
At 31.12.2014	**226,016**	**81,470**	**4,844**	**(156)**	**(63)**	**–**	**–**	**(11,060)**	**301,051**

22. SHARE PREMIUM AND RESERVES (CONT'D)

The Company	Share premium *HK$'000*	Capital reduction reserve *HK$'000*	Share options reserve *HK$'000*	Convertible notes reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1.1.2013	110,004	–	–	13,809	(66,058)	57,755
Shares issued upon placing – Note 21(a)(i)	3,080	–	–	–	–	3,080
Shares issuing expenses	(563)	–	–	–	–	(563)
Conversion of convertible notes – Note 21(a)(ii)	31,196	–	–	(13,809)	–	17,387
Loss and total comprehensive loss for the year	–	–	–	–	(18,186)	(18,186)
At 31.12.2013 and 1.1.2014	**143,717**	**–**	**–**	**–**	**(84,244)**	**59,473**
Shares issued – Note 21(a)	**88,157**	**–**	**–**	**–**	**–**	**88,157**
Shares issuing expenses	**(5,858)**	**–**	**–**	**–**	**–**	**(5,858)**
Capital reduction – Note 21(a)(vi)	**–**	**81,470**	**–**	**–**	**90,021**	**171,491**
Share-based payments – Note 28	**–**	**–**	**4,844**	**–**	**–**	**4,844**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(37,306)**	**(37,306)**
At 31.12.2014	**226,016**	**81,470**	**4,844**	**–**	**(31,529)**	**280,801**

(a) Capital reduction reserve

The capital reduction reserve arises from the capital reduction and share sub-division from HK$0.10 to HK$0.01 per share.

(b) Share options reserve

The share options reserve arises on the grant of share options to eligible participants under the scheme. Further information about share-based payments is set out in Note 28.

(c) Convertible notes reserve

The convertible notes reserve arises on the issuance of convertible notes to the subscriber.

(d) Distributable reserves

At 31 December 2014, the aggregate amount of reserves available for distribution to shareholders of the Company was HK$275,957,000 (2013: HK$59,473,000).

23. OPERATING LEASES COMMITMENTS

(a) The Group as lessee

As at 31 December 2014, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**18,519**	11,950
In the second to fifth year inclusive	**15,670**	5,927
	34,189	17,877

Operating lease payments represent rentals payable by the Group for its office premises. Leases were negotiated for an average term of three years with fixed monthly rentals.

(b) The Group as lessor

As at 31 December 2014, the Group had contracted with the tenant for the following future minimum lease payments:

	2014	2013
	HK$'000	*HK$'000*
Within one year	–	1,451
In the second to fifth year inclusive	–	846
	–	2,297

24. CAPITAL COMMITMENTS

	2014	2013
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**3,015**	294
– capital injection in an associate	**2,521**	–
	5,536	294

25. RELATED PARTIES TRANSACTIONS AND CONNECTED TRANSACTIONS

(a) During the year ended 31 December 2014, the Group had the following material related parties transactions, which also constituted connected transactions pursuant to the GEM Listing Rules:

(i) On 18 June 2014, the Company entered into at a subscription agreement (the "**First Turbo Pointer Subscription Agreement**") with Turbo Pointer Limited ("**Turbo Pointer**" or "**Subscriber**"), which was then beneficially and wholly-owned by Mr. Zhang Xiongfeng, who was an executive director of the Company and chairman of the Board, pursuant to which the Company conditionally agreed to allot and issue, and Turbo Pointer conditionally agreed to subscribe for, 381,078,000 new ordinary shares of the Company at the subscription price of HK$0.118 per share. As such, Turbo Pointer is a connected person of the Company and the subscription constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The First Turbo Pointer Subscription Agreement and the transactions contemplated thereunder were approved at the extraordinary general meeting of the Company held on 12 August 2014 and completion of the transactions took place on 29 August 2014. Details of the subscription are set out in the Company's announcements dated 18 June 2014 and 29 August 2014, and the Company's circular dated 21 July 2014.

(ii) On 10 October 2014, the Company entered into another subscription agreement with Turbo Pointer (the "**Second Turbo Pointer Subscription Agreement**"), pursuant to which the Company conditionally agreed to allot and issue, and Turbo Pointer conditionally agreed to subscribe for 354,600,000 new ordinary shares of the Company at the subscription price of HK$0.22 per share. The subscription was ceased and terminated on 31 January 2015. Details of the subscription are set out in the Company's announcements dated 10 October 2014, 23 December 2014 and 30 January 2015.

(iii) On 12 November 2014, after trading hours, Absolutely Talent Technology Limited ("**Absolutely Talent**") (a wholly-owned subsidiary of the Company) entered into the sale and purchase agreement with Mr. Koh Seng Loo ("**Mr. Koh**"), pursuant to which Absolutely Talent had agreed to sell, and Mr. Koh had agreed to acquire, 360,000 shares of EPRO Systems (S) Pte Ltd ("**EPRO**") (representing 90% of the issued share capital of EPRO) at the aggregate consideration of HK$300,000. Mr. Koh is a director of EPRO, which was a non-wholly owned subsidiary of the Company immediately before completion of the transaction. Accordingly, Mr. Koh is a connected person of the Company and the transaction contemplated under the sale and purchase agreement constituted a connected transaction for the Company for the purpose of the GEM Listing Rules and was subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules. Details of the transaction are set out in the Company's announcement dated 12 November 2014.

(b) Key management personnel remuneration

The remuneration paid to key management personnel of the Group including the Company's directors is disclosed in Note 10 to the consolidated financial statements.

26. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages currency risk, when it is considered significant, by entering into appropriate currency forward contracts.

Carrying amounts of financial assets of the Group as at 31 December 2014 exposed to currency risk were as follows:

	2014	2013
	HK$'000	*HK$'000*
Cash and bank balances	**41**	49

The Group's financial assets exposed to currency risk were primarily denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
United States dollar ("**US$**")	**14**	49
Renminbi ("**RMB**")	**27**	–
	41	49

The Group's operation in Hong Kong and the PRC is exposed to foreign currency translation risk arising from Renminbi. At presents, the Group does not intend to seek to hedge its exposure to foreign exchange risk profile as there was insignificant fluctuation in exchange rate between Hong Kong dollars and Renminbi.

Since Hong Kong dollars is pegged to United States dollars, impact on material fluctuations in the exchange rate of Hong Kong dollars against United States dollars is remote.

Should Hong Kong dollars at 31 December 2014 devalue by 10% against Renminbi, the carrying amount of the net financial assets of the Group exposed to currency risk at 31 December 2014 determined in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rates" would be increased, and hence the equity at 31 December 2014 would be increased by HK$3,000 (2013: Nil); and loss for the year ended 31 December 2014 would be decreased by HK$3,000 (2013: Nil).

26. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(b) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group's credit risk is primarily attributable to trade debtors and bank balances. With respect to trade debtors, the Group has also adopted credit policies, which include the analysis of the financial position of its clients and a regular review of their credit limits. The Group maintains an allowance for doubtful accounts and actual losses have been less than management's expectations and the Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Also, the Group's bank balances were held by major financial institutions located in Hong Kong and the PRC, which management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Carrying amounts of financial assets of the Group as at 31 December 2014, which represented the amounts of maximum exposure to credit risk, were as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Debtors and deposits	**44,201**	40,773
Loan receivables	**–**	6,099
Cash and bank balances	**53,527**	44,785
	97,728	91,657

The directors are satisfied with the credit quality of financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities and capital management. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio.

Maturities of the non-derivative financial liabilities of the Group as at 31 December 2014 were as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Total amounts of contractual undiscounted obligations:		
Creditors, accruals and other payables	**29,721**	14,532
Short-term borrowings	**15,000**	–
	44,721	14,532
Due for payment:		
Within one year or on demand	**44,721**	14,532

26. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages interest rate risk, when it is considered significant, by entering into appropriate swap contracts.

The Group's interest-bearing financial instruments of short-term borrowings are exposed to interest rate risk. Since they are measured at amortised costs, their carrying amounts would not be affected by changes in market interest rates.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. The Group manages market prices risk, when it is considered significant, by entering into appropriate derivatives contracts.

The Group is exposed to equity price risk arising from equity investments classified as financial assets at fair value through profit or loss and available-for-sale investments.

At 31 December 2014, the Group has financial assets at fair value through profit or loss of HK$773,000 (Note 16) (2013: Nil) and available-for-sale investments of HK$19,135,000 (Note 16) (2013: Nil) exposed to market price risk.

The sensitivity analysis below has been determined based on the exposure to equity price risks as at 31 December 2014.

If the prices of the respective equity instruments had been 10% higher/lower:

– Loss for the year ended 31 December 2014 would decrease/increase by HK$77,000 (2013: Nil) for the Group as a result of the changes in fair value of financial assets at fair value through profit or loss; and

– Investment revaluation reserve would increase/decrease by HK$1,913,000 (2013: Nil) for the Group as a result of the changes in fair value of available-for-sale investments.

(f) Fair value estimation

(i) Financial instruments carried at fair value

For financial instruments carried at fair value, the amendments to HKFRS 13, "Fair Value Measurement" requires disclosures relating to fair value measurements of financial instruments across three levels of a "fair value hierarchy". The fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

(1) Level 1 (highest level): fair value measured using quoted prices (unadjusted) in active markets for identical financial instruments

(2) Level 2: fair value measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

(3) Level 3 (lowest level): fair value measured using valuation techniques in which any significant input is not based on observable market data

26. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(f) Fair value estimation (Cont'd)

(i) Financial instruments carried at fair value (Cont'd)

At 31 December 2014, the Group has financial assets at fair value through profit or loss of HK$773,000 (Note 16) (2013: Nil) and available-for-sale investments of HK$19,135,000 (Note 16) (2013: Nil) carried at fair value which fall into Level 1 of the fair value hierarchy.

During the year ended 31 December 2014, there were no transfer between Level 1 and Level 2.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2014 and 2013.

27. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the financial statements are disclosed below:

(i) Impairment of property, plant and equipment, goodwill and other non-current assets

Determining whether property, plant and equipment, goodwill and other non-current assets are impaired requires an estimation of the value in use of the cash-generating units to which the property, plant and equipment, goodwill and other non-current assets have been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

(ii) Fair value of identifiable assets and liabilities acquired through business combinations

The Group applies acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets and liabilities acquired.

(iii) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade debtors, including the current credit worthiness and the past collection history of each debtor. Impairments arise where events of changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade debtor and impairment loss on trade debtors in the year in which such estimate has been charged.

27. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(iv) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at each end of the reporting period.

(v) Income tax

The Group is subject to income taxes in Hong Kong and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

28. SHARE-BASED PAYMENTS

(a) Share option scheme

Under the terms of a share option scheme (the "**Scheme**") adopted by the Company on 10 November 2010, the Board is authorised, at its absolute discretion, to grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group.

The purpose of the Scheme is to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Company.

The maximum entitlement of each participant under the Scheme would not exceed 1% of the aggregate number of shares for the time being issued and issuable in any 12-month period under the Scheme.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

The option price will be determined by the Directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of the grant of the option or the average of the closing price of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the option or the nominal value of the shares.

The Scheme shall remain in force for the period of 10 years commencing on the adoption date of the Scheme which is 12 November 2010.

28. SHARE-BASED PAYMENTS (CONT'D)

(a) Share option scheme (Cont'd)

The maximum number of shares of the Company which may be issued upon exercise of all options that may be granted under the existing Scheme limit is 190,545,243 shares of HK$0.01 each (representing approximately 7.63% of the issued share capital of the Company as at the date this report). As at the date of this report, options carrying the rights to subscribe for 95,272,622 shares of the Company (representing approximately 3.82% of the issued share capital of the Company as at the date this report) have been granted under the existing Scheme limit and options carrying the rights to subscribe for 95,272,621 shares of the Company (representing approximately 3.82% of the issued share capital of the Company as at the date this report) may be granted under the existing Scheme limit.

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Scheme.

There is no performance target which must be achieved before any of the options can be exercised.

(i) The terms and conditions of the share options granted during the year are as follows, whereby all options are settled by delivery of shares:

Date of grant	Grantees	Exercisable period	Vesting date	Exercise price of each option	Number of share options granted during the year and outstanding as at 31.12.2014
19 June 2014	Director – Zhang Xiongfeng	1.1.2016 to 30.6.2016	31.12.2015	HK$0.14	57,163,573
19 June 2014	Director – Zhang Peiao	1.1.2016 to 30.6.2016	31.12.2015	HK$0.14	38,109,049
19 June 2014	Employee	1.1.2016 to 30.6.2016	31.12.2015	HK$0.14	19,054,524
19 June 2014	Others	1.1.2016 to 30.6.2016	31.12.2015	HK$0.14	76,218,096
					190,545,242

(ii) No share options have been exercised, cancelled or lapsed during the year.

(iii) The options outstanding as at 31 December 2014 had an exercise price of HK$0.14 and a weighted average remaining contractual life of approximately 1.5 years.

28. SHARE-BASED PAYMENTS (CONT'D)

(a) Share option scheme (Cont'd)

(iv) The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted on the date of grant. The estimate of the fair value of the share options granted during the year ended 31 December 2014 is measured based on the Binomial Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Model.

	2014
Fair value of share options and assumptions	
Fair value at the date of grant	**HK$0.073**
Closing share price at the date of grant	**HK$0.14**
Exercise price	**HK$0.14**
Expected volatility	**101.14%**
Expected average share option life	**2.03 years**
Expected annual dividend yield	**Nil**
Risk-free interest rate per annum	**0.471%**

The expected volatility is based on the historical volatility. Expected dividend yield is based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

29. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of EPRO

On 29 January 2014, the Group acquired 90% issued share capital of EPRO at a cash consideration of HK$300,000.

The fair value of the identifiable assets and liabilities of EPRO as at its date of acquisition is as follows:

	HK$'000
Property, plant and equipment – Note 11	260
Debtors, deposits and prepayments	649
Cash and bank balances	74
Creditors, accruals and other payables	(650)
	333
Non-controlling interests	(33)
	300

29. ACQUISITION OF SUBSIDIARIES (CONT'D)

(a) Acquisition of EPRO (Cont'd)

Goodwill arising on acquisition

	HK$'000
Consideration	300
Less: Fair value of identifiable net assets acquired	(300)
Goodwill arising on acquisition	–

Net cash outflow arising on acquisition

	HK$'000
Cash consideration paid	(300)
Less: Cash and cash equivalents acquired	74
	(226)

Included in the loss for the year ended 31 December 2014 is approximately HK$283,000 and revenue for the year ended 31 December 2014 is approximately HK$2,817,000 contributed by EPRO.

Had the business combination been effected on 1 January 2014, the revenue of the Group would have been approximately HK$240,025,000, and the loss for the year would have been approximately HK$24,559,000. The proforma financial information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been completed on 1 January 2014 nor is it intended to be a projection of future profits.

On 12 November 2014, the Group disposed of its 90% equity interest of EPRO at a consideration of HK$300,000 (Note 30(d)).

29. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Capital injection in Shanghai Zhiqu Advertisement Co., Ltd 上海智趣廣告有限公司 ("Zhiqu")

On 22 August 2014, the Group acquired 51% equity interest of Zhiqu by injecting registered capital of HK$577,000.

The fair value of the identifiable assets and liabilities of Zhiqu as at its date of acquisition is as follows:

	HK$'000
Debtors, deposits and prepayments	6,188
Cash and bank balances	2,271
Creditors, accruals and other payables	(7,177)
Income tax payable	(150)
	1,132
Non-controlling interests	(555)
	577

Goodwill arising on acquisition	*HK$'000*
Consideration	577
Less: Fair value of identifiable net assets acquired	(577)
Goodwill arising on acquisition	–

Net cash inflow arising on acquisition	*HK$'000*
Cash consideration paid	(132)*
Less: Cash and cash equivalents acquired	2,271
	2,139

* As at 31 December 2014, HK$445,000 was not yet paid and included in other payables.

Included in the loss for the year ended 31 December 2014 is profit of approximately HK$1,855,000 and revenue for the year ended 31 December 2014 is approximately HK$45,653,000 contributed by Zhiqu.

Had the business combination been effected on 1 January 2014, the revenue of the Group would have been approximately HK$239,873,000, and the loss for the year would have been approximately HK$24,243,000. The proforma financial information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been completed on 1 January 2014 nor is it intended to be a projection of future profits.

29. ACQUISITION OF SUBSIDIARIES (CONT'D)

(c) Acquisition of Funa Assets Limited ("Funa Assets")

On 26 March 2013, the Group acquired the entire equity interest of Funa Assets at a cash consideration of HK$40,000,000. The principal assets of Funa Assets are investment properties situated in Hong Kong.

The directors are of the opinion that the acquisition of Funa Assets is a purchase of net assets which does not constitute a business combination for accounting purposes, since Funa Assets has not provided any property management services to the tenants and not considered to running a business.

The net assets acquired in the transaction were as follows:

	HK$'000
Investment properties – Note 12	40,303
Debtors, deposits and prepayments	12
Income tax payable	(63)
Deposits received and other payables	(252)
Net assets of Funa Assets	40,000
Consideration satisfied by cash	40,000

Net cash outflow arising on acquisition

	HK$'000
Cash consideration paid	(40,000)
Less: Cash and cash equivalents acquired	–
	(40,000)

29. ACQUISITION OF SUBSIDIARIES (CONT'D)

(d) Acquisition of Luck Key Investment Limited ("Luck Key")

On 30 September 2013, the Group acquired the entire equity interest of Luck Key and its subsidiaries ("**Luck Key Group**") and the shareholder's loan of HK$67,021,000 at a cash consideration of HK$85,000,000.

The fair value of the identifiable assets and liabilities attributable to the shareholders of Luck Key Group as at its date of acquisition was as follows:

	HK$'000
Property, plant and equipment – Note 11	42,496
Investment in an associate	1,437
Deferred tax assets – Note 20	1,211
Inventories	2,538
Debtors, deposits and prepayments	41,897
Income tax recoverable	110
Cash and bank balances	17,002
Creditors, accruals and other payables	(11,729)
Deferred tax liabilities – Note 20	(10)
Shareholder's loan	(67,021)
	27,931
Non-controlling interests	(1,584)
	26,347

Gain on a bargain purchase arising on acquisition

	2013 *HK$'000*
Consideration transferred	85,000
Less: Shareholder's loan	(67,021)
Consideration for acquisition	17,979
Less: Fair value of identifiable net assets acquired	(26,347)
	(8,368)

29. ACQUISITION OF SUBSIDIARIES (CONT'D)

(d) Acquisition of Luck Key Investment Limited ("Luck Key") (Cont'd)

Net cash outflow arising on acquisition

	HK$'000
Cash consideration paid	(85,000)
Less: Cash and cash equivalents acquired	17,002
	(67,998)

Acquisition-related costs amounting to HK$1,637,000 had been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "other operating expenses" line item in the consideration statement of profit or loss and other comprehensive income.

As a result of the acquisition, the Group diversified the existing business into a new line of business with growth potential. After re-assessment by the management of the Group, the Group recognised a gain on a bargain purchase of HK$8,368,000 because the fair value of net identifiable assets acquired exceeded of the purchase consideration.

The fair value of trade debtors included in debtors, deposits and prepayments was HK$21,985,000. The gross contractual amount for trade debtors was HK$23,061,000, of which HK$1,076,000 was expected to be uncollectible.

Included in the loss for the year ended 31 December 2013 was approximately HK$3,178,000 and revenue for the year ended 31 December 2013 was approximately HK$46,134,000 attributable to the additional business generated by Luck Key Group.

Had the business combination been effected on 1 January 2013, the revenue of the Group would have been approximately HK$227,384,000, and the loss for the year would have been approximately HK$33,195,000. The proforma financial information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been completed on 1 January 2013 nor is it intended to be a projection of future profits.

30. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Disposal of equity interest of China Rich Finance Limited ("China Rich")

On 13 June 2014, the Group disposed of its entire equity interest of China Rich at a cash consideration of HK$850,000.

The net assets of China Rich at the date of disposal were as follows:

	HK$'000
Property, plant and equipment – Note 11	255
Other debtors, deposits and prepayments	10
Cash and bank balances	690
Income tax payable	(165)
Net assets disposed of	790

Gain on disposal of a subsidiary

	HK$'000
Consideration received	850
Less: Net assets disposed of	(790)
Gain on disposal of a subsidiary	60

Net cash inflow arising on disposal of a subsidiary

	HK$'000
Cash consideration received	850
Less: Cash and bank balances disposed of	(690)
	160

30. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONT'D)

(b) Disposal of equity interest of Funa Assets

On 26 June 2014, the Group disposed of its entire equity interest of Funa Assets at a cash consideration of HK$38,699,000.

The net assets of Funa Assets at the date of disposal were as follows:

	HK$'000
Property, plant and equipment – Note 11	28
Investment properties – Note 12	38,700
Income tax payable	(45)
Deposits received and other payables	(256)
Net assets disposed of	38,427

Gain on disposal of a subsidiary

	HK$'000
Consideration received	38,699
Less: Net assets disposed of	(38,427)
Transaction cost paid	(174)
Gain on disposal of subsidiary	98

Net cash inflow arising on disposal of subsidiary

	HK$'000
Cash consideration received	38,699
Less: Transaction cost paid	(174)
	38,525

30. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONT'D)

(c) Disposal of equity interest of Well In Technology Development Limited ("Well In")

On 22 August 2014, the Group disposed of its entire equity interest of Well In and shareholder's loan of HK$1,220,000 at a cash consideration of HK$1,221,000.

The net liabilities of the Well In at the date of disposal were as follows:

	HK$'000
Property, plant and equipment – Note 11	231
Other debtors, deposits and prepayments	278
Cash and bank balances	22
Creditors and accruals	(62)
Shareholder's loan	(1,220)
Net liabilities disposed of	(751)

Gain on disposal of a subsidiary

	HK$'000
Consideration received	1,221
Less: Shareholder's loan	(1,220)
	1
Less: Net liabilities disposed of	751
Gain on disposal of a subsidiary	752

Net cash inflow arising on disposal of subsidiary

	HK$'000
Cash consideration received	1,221
Less: Cash and bank balances disposed of	(22)
	1,199

30. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONT'D)

(d) Disposal of equity interest of EPRO

On 12 November 2014, the Group disposed of its 90% equity interest of EPRO at a cash consideration of HK$300,000.

The net assets of the EPRO at the date of disposal were as follows:

	HK$'000
Property, plant and equipment – Note 11	174
Other debtors, deposits and prepayments	509
Cash and bank balances	99
Creditors and accruals	(728)
	54
Non-controlling interests	(5)
Release of translation reserve to profit or loss	(5)
Net assets disposed of	44

Gain on disposal of a subsidiary

	HK$'000
Consideration received	300
Less: Net assets disposed of	(44)
Transaction cost paid	(35)
Gain on disposal of a subsidiary	221

Net cash inflow arising on disposal of subsidiary

	HK$'000
Cash consideration received	300
Less: Cash and bank balances disposed of	(99)
Transaction cost paid	(35)
	166

30. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONT'D)

(e) Disposal of equity interest of Enrich Fortune Development Limited ("Enrich Fortune")

On 13 November 2013, the Group disposed its entire equity interest of Enrich Fortune and its subsidiaries (the "**Enrich Fortune Group**") at a consideration of HK$2,000,000.

The net assets of the Enrich Fortune Group at the date of disposal were as follows:

	HK$'000
Cash and bank balances	2
Net assets disposed of	2

Gain on disposals of subsidiaries

	HK$'000
Consideration received	2,000
Less: Net assets disposed of	(2)
Gain on disposals of subsidiaries	1,998

Net cash inflow arising on disposals of subsidiaries

	HK$'000
Cash consideration received	2,000
Less: Cash and bank balances disposed of	(2)
	1,998

(f) Disposal of equity interest of Olivia Heart Limited ("Olivia Heart")

On 20 November 2013, the Group disposed of its entire equity interest of Olivia Heart and its subsidiaries (the "**Olivia Heart Group**") at a consideration of HK$1,000.

The net assets of the Olivia Heart Group as at date of disposal was zero. Therefore, the Group recorded a gain on disposal of a subsidiary of HK$1,000.

31. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Deemed disposal of interest in a subsidiary without loss of control

On 26 August 2014, Luck Key, a wholly-owned subsidiary of the Group, allotted shares to a subscriber which diluted the Group's interest in Luck Key from 100% to approximately 90.1%, resulted in a deemed disposal of 9.9% equity interests in Luck Key. The effect of changes in the ownership interest of this subsidiary on the equity attributable to shareholders of the Company during the year is summarised as follows:

	HK$'000
Carrying amount of non-controlling interests disposed of	**(2,763)**
Consideration received from non-controlling shareholder	**2,700**
Changes recognised on disposal within equity	**(63)**

32. INVESTMENT IN FISH BREEDING BUSINESS

On 18 July 2013, the Group entered into a deed of novation with Keen Profit Development Limited ("**Keen Profit**"), a new investor, and EMS, pursuant to which the Group agreed to novate, from the date of the deed of novation, its rights and obligations in and under the investment agreement to Keen Profit at a consideration of HK$16,740,000. The Group recorded a gain of HK$1,240,000 as a result of the novation which represented the difference between the consideration and the investment amount. The novation represented a good opportunity for the Group to realise the investment under the investment agreement with a fair and reasonable return.

33. BORROWING FACILITY

As at 31 December 2014, the Group has a short-term borrowing facility to the extent of HK$40,000,000 (2013: HK$16,000,000), of which HK$15,000,000 (2013: Nil) has been utilised by the Group. As at 31 December 2013, the facility was secured by the investment properties of the Group.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**372**	22
Interests in subsidiaries	34(a)	**260,709**	134,734
		261,081	134,756
CURRENT ASSETS			
Amounts due from subsidiaries	34(b)	**51,415**	17,751
Debtors, deposits and prepayments		**1,263**	483
Cash and bank balances		**23,778**	2,013
		76,456	20,247
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables		**3,041**	2,110
Amounts due to subsidiaries	34(c)	**13,734**	334
Short-term borrowings	19	**15,000**	–
		31,775	2,444
NET CURRENT ASSETS		**44,681**	17,803
NET ASSETS		**305,762**	152,559
REPRESENTING:			
SHARE CAPITAL	21(a)	**24,961**	93,086
SHARE PREMIUM AND RESERVES	22	**280,801**	59,473
SHAREHOLDERS' FUNDS		**305,762**	152,559

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

Notes:

(a) Interests in subsidiaries

	2014	2013
	HK$'000	*HK$'000*
Unlisted shares, at cost	**116**	108
Less: Provision for impairment loss	**(100)**	(100)
	16	8
Amounts due from subsidiaries - Note	**262,093**	159,538
Less: Provision for impairment loss	**(1,400)**	(24,812)
	260,693	134,726
	260,709	134,734

Note: The amounts due from subsidiaries are interest-free, unsecured and repayable after one year.

(b) Amounts due from subsidiaries

	2014	2013
	HK$'000	*HK$'000*
Amounts due from subsidiaries	**78,922**	17,751
Less: Provision for impairment loss	**(27,507)**	–
	51,415	17,751

The amounts are interest-free, unsecured and repayable on demand.

(c) The amounts due to subsidiaries are interest-free, unsecured and repayable on demand.

35. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of 49% equity interest of Cannes Films Cultural Investment Limited

On 26 January 2015, Successful Treasure Investments Limited (“**Successful Treasure**”), a wholly-owned subsidiary of the Company, and Picture Giant Limited (“**Picture Giant**”) entered into a sale and purchase agreement pursuant to which Picture Giant agreed to sell and Successful Treasure agreed to acquire 49% equity interest of Cannes Films Cultural Investment Limited, a company incorporated in the BVI with limited liability, at a consideration of HK$7,350,000.

(b) Completion of deemed disposal of approximately 25.1% equity interest in Luck Key and the acquisition of 70% equity interest in Ever Full Harvest Limited

On 27 February 2015, (i) the major transaction of the deemed disposal of approximately 25.1% equity interest in Luck Key, a non-wholly-owned subsidiary of the Company, as a result of the allotment and issue of shares to Town Health Healthcare Services Limited (“**Town Health**”); and (ii) the transaction of the acquisition of 70% equity interest in Ever Full Harvest Limited by Luck Key from Town Health were completed. Details of these were set out in the Company’s circular dated 28 January 2015 and Company’s announcement dated 27 February 2015.

(c) Proposed listing of Mighty Eight

On 10 March 2015, the board of directors of Mighty Eight has proposed to seek for listing of the shares of Mighty Eight or its holding company on the Main Board of the Stock Exchange. Details of these were set out in the Company’s announcement dated 10 March 2015.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries are as follows:

Name	Place of incorporation/ business	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Company		Group’s effective interest	Principal activities
			Directly	Indirectly		
Absolutely Talent*	The British Virgin Islands (“**BVI**”)	US$1,000	100%	–	100%	Investment holding
Ever Robust Holdings Limited	Hong Kong	HK$1	–	100%	100%	Securities investments
Triple Art Limited	Hong Kong	HK$1	–	100%	100%	Provision of administrative services
Golden Weapon Limited	Hong Kong	HK$1	–	100%	100%	Mobile-online games business
迹象信息技術(上海)有限公司 (“**Jixiang**”)*	The PRC	US$1,000,000	–	100%	100%	Mobile-online games business

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

Details of the principal subsidiaries are as follows: (Cont'd)

Name	Place of incorporation/ business	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Company		Group's effective interest	Principal activities
			Directly	Indirectly		
Zhiqu*	The PRC	RMB1,030,000	–	51%	51%	Provision of games related integral marketing services
Mark Profit Finance Limited	Hong Kong	HK$1	–	100%	100%	Money lending
Best Faith Limited*	BVI	US$1	–	100%	100%	Investment holding
Timely Investments Limited*	BVI	US$1	–	100%	100%	Investment holding
Master Destiny Limited*	BVI	US$50,000	–	100%	100%	Investment holding
Luck Key*	BVI	US$10,650	–	90.1% (2013: 100%)	90.1% (2013: 100%)	Investment holding
Hong Kong Health Check and Medical Diagnostic Group Limited*	BVI	US$1,000	–	100%	90.1% (2013: 100%)	Investment holding
Polyray Technology Limited*	Hong Kong	HK$17,000	–	100%	90.1% (2013: 100%)	Provision of health check and health care related services
Polylight Technology Limited*	Hong Kong	HK$3,200,000	–	100%	90.1% (2013: 100%)	Provision of health check and health care related services
Hong Kong Health Check Centre Limited*	Hong Kong	HK$1	–	100%	90.1% (2013: 100%)	Provision of health check and health care related services
Hong Kong Health Check and Medical Diagnostic Centre Limited*	Hong Kong	HK$1	–	100%	90.1% (2013: 100%)	Provision of health check and health care related services
Prosperity Management Limited*	Hong Kong	HK$1	–	100%	90.1% (2013: 100%)	Provision of administrative services

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

Details of the principal subsidiaries are as follows: (Cont'd)

Name	Place of incorporation/ business	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Company		Group's effective interest	Principal activities
			Directly	Indirectly		
Well Goal Management Limited*	Hong Kong	HK$1	–	100%	90.1% (2013: 100%)	Holding of trademark
HK Health Check Limited* ("**HKHCL**")	Hong Kong	HK$100	–	89%	80.19% (2013: 89%)	Provision of health check and health care related services
Yuen Foong Medical and Imaging Diagnostic Centre Limited* ("**Yuen Foong**")	Hong Kong	HK$37,887	–	81.06%	65% (2013: 72.14%)	Provision of health check and health care related services
Joy Surplus International Limited*	BVI	US$1	–	100%	90.1% (2013: 100%)	Investment holding
Speedco Pacific Limited*	BVI	US$1	–	100%	90.1% (2013: 100%)	Investment holding
Group Benefit Development Limited* ("**Group Benefit**")	Hong Kong	HK$3,403,333	–	98.53%	88.78% (2013: 98.53%)	Provision of diagnostic scanning services
Good Fortune Technologies Limited* ("**Good Fortune**")	Hong Kong	HK$2,550,000	–	52.94%	47% (2013: 52.16%)	Provision of diagnostic scanning services
Hong Kong Genesis Laboratory Centre Limited*	Hong Kong	HK$100	–	100%	90.1% (2013: 100%)	Provision of molecular testing services

* Subsidiaries with no statutory financial statements or statutory financial statements are not audited by PKF.

Note: Except that Jixiang is registered as a wholly-owned foreign enterprise under the PRC Laws, all subsidiaries of the Group are incorporated/established with limited liability.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

The following table lists out the information relating to Zhiqu, HKHCL, Yuen Foong, Group Benefit and Good Fortune, the subsidiaries of the Group which have material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

The financial information of Charm Team Group Limited and JunBridge Company Limited is insignificant to the Group.

	As at 31 December 2014				
	Zhiqu	HKHCL	Yuen Foong	Group Benefit	Good Fortune
NCI Percentage	49%	19.81%	35%	11.22%	53%

	As at 31 December 2014				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	16,780	9,071	5,260	47,271	4,213
Non-current assets	28	3,491	681	2,511	104
Current liabilities	(13,823)	(29,176)	(6,725)	(4,180)	(82)
Non-current liabilities	–	–	–	(10)	–
Net assets/(liabilities)	2,985	(16,614)	(784)	45,592	4,235
Carrying amount of NCI	1,463	(3,291)	(274)	5,115	2,245

	Period from 22.8.2014 to 31.12.2014	For the year ended 31 December 2014			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	45,653	12,656	16,008	15,420	6,654
Profit/(loss) for the period/year	1,855	(2,986)	417	(857)	450
Profit/(loss) allocated to NCI	909	(592)	146	(96)	239
Dividend paid to NCI	–	–	–	–	120
Cash flows from/(used in) operating activities	8,882	1,370	(365)	256	(646)
Cash flows used in investing activities	(30)	(1,047)	(36)	(550)	–
Cash flows from/(used in) financing activities	–	–	–	–	(255)

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

	As at 31 December 2013			
	HKHCL	Yuen Foong	Group Benefit	Good Fortune
NCI Percentage	11%	27.86%	1.47%	47.84%
	As at 31 December 2013			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	9,071	4,766	45,553	3,907
Non-current assets	6,918	1,076	2,656	195
Current liabilities	(29,617)	(7,042)	(1,750)	(62)
Non-current liabilities	–	–	(10)	–
Net (liabilities)/assets	(13,628)	(1,200)	46,449	4,040
Carrying amount of NCI	(1,499)	(334)	683	1,933
	Period from 1 October 2013 to 31 December 2013			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	3,069	267	3,643	1,781
(Loss)/profit for the period	(2,826)	(1,533)	(3,134)	57
(Loss)/profit allocated to NCI	(311)	(427)	(46)	27
Cash flows (used in)/from operating activities	(36)	(42)	974	(505)
Cash flows used in investing activities	(7)	(18)	–	–

Financial Summary

RESULTS

	Years ended 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	25,914	21,592	106,604	99,557	**236,970**
Loss for the year	(14,353)	(26,097)	(21,076)	(9,603)	**(24,580)**
Attributable to:					
Shareholders of the Company	(14,353)	(26,097)	(21,076)	(8,847)	**(26,189)**
Non-controlling interests	–	–	–	(756)	**1,609**
	(14,353)	(26,097)	(21,076)	(9,603)	**(24,580)**

ASSETS AND LIABILITIES

	At 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Non-current assets	92	6,727	26,312	77,307	**274,708**
Current assets	26,595	24,343	133,764	100,143	**103,447**
Deduct:					
Current liabilities	7,278	6,251	6,951	14,698	**46,464**
Net current assets	19,317	18,092	126,813	85,445	**56,983**
Total assets less current liabilities	19,409	24,819	153,125	162,752	**331,691**
Non-current liabilities	–	–	39,587	10	**10**
Net assets	19,409	24,819	113,538	162,742	**331,681**