

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

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>.



INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company announces the unaudited condensed consolidated interim results (the “**Interim Results**”) of the Company and its subsidiaries (together the “**Group**”) for the six months and three months ended 30 June 2015, together with the unaudited comparative figures for the corresponding period of 2014 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2015

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue	3	245,017	91,109	139,557	47,474
Cost of inventories sold/services		(140,993)	(14,327)	(84,103)	(7,769)
Other gains and losses	4	11,920	238	6,080	214
Other revenue and income		908	1,165	736	605
Employee benefits expenses		(56,099)	(48,590)	(29,251)	(24,598)
Depreciation		(9,592)	(14,999)	(5,106)	(7,435)
Other operating expenses		(29,040)	(25,243)	(16,896)	(12,257)
Share of results of associates		5,444	466	3,086	213
Finance costs		(2,253)	(696)	(2,071)	(531)
Profit (loss) before income tax	5	25,312	(10,877)	12,032	(4,084)
Income tax expense	6	(5,085)	(83)	(2,778)	(49)
Profit (loss) for the period		20,227	(10,960)	9,254	(4,133)
Other comprehensive income (loss)					
<i>Items that may be classified subsequently to profit or loss:</i>					
Exchange differences arising on translation of:					
– Financial statements of overseas subsidiaries		150	5	125	5
– Financial statements of overseas associates		171	–	41	–
Fair value loss on available-for- sale investments		(2,592)	(21,590)	8,713	(8,117)
Other comprehensive (loss) income for the period		(2,271)	(21,585)	8,879	(8,112)
Total comprehensive income (loss) for the period		17,956	(32,545)	18,133	(12,245)

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Profit (loss) for the period attributable to:					
Shareholders of the Company		11,071	(10,763)	4,293	(4,103)
Non-controlling interests		9,156	(197)	4,961	(30)
		20,227	(10,960)	9,254	(4,133)
Total comprehensive income (loss) attributable to:					
Shareholders of the Company		8,731	(32,348)	13,112	(12,215)
Non-controlling interests		9,225	(197)	5,021	(30)
		17,956	(32,545)	18,133	(12,245)
Basic earnings (loss) per share (HK cents)	8	0.42	(0.80)	0.16	(0.25)
Diluted earnings (loss) per share (HK cents)	8	0.42	(0.80)	0.15	(0.25)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	26,590	23,453
Goodwill	18	14,135	–
Investments in associates	10	276,828	229,233
Available-for-sale investments	11	26,187	19,135
Deferred tax assets		2,887	2,887
		346,627	274,708
CURRENT ASSETS			
Inventories		2,616	1,961
Debtors, deposits and prepayments	12	135,347	47,181
Financial assets at fair value through profit or loss	11	44,495	773
Income tax recoverable		–	5
Cash and bank balances		159,322	53,527
		341,780	103,447
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	13	80,214	30,892
Amounts due to non-controlling shareholders of subsidiaries	14	18,755	–
Short-term borrowings	15	104,943	15,000
Income tax payable		4,144	572
		208,056	46,464
NET CURRENT ASSETS		133,724	56,983
TOTAL ASSETS LESS CURRENT LIABILITIES		480,351	331,691
NON-CURRENT LIABILITY			
Deferred tax liabilities		10	10
NET ASSETS		480,341	331,681
CAPITAL AND RESERVES			
Share capital	16	32,011	24,961
Share premium and reserves		421,400	301,051
Equity attributable to shareholders of the Company		453,411	326,012
Non-controlling interests		26,930	5,669
TOTAL EQUITY		480,341	331,681

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

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	Investment revaluation reserve HK\$'000	Accumulated losses/ retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2014 (audited)	93,086	143,717	-	-	-	-	-	(74,892)	161,911	831	162,742
Loss for the period	-	-	-	-	-	-	-	(10,763)	(10,763)	(197)	(10,960)
Other comprehensive loss for the period	-	-	-	-	5	-	(21,590)	-	(21,585)	-	(21,585)
Total comprehensive loss for the period	-	-	-	-	5	-	(21,590)	(10,763)	(32,348)	(197)	(32,545)
Shares issued	97,459	21,012	-	-	-	-	-	-	118,471	-	118,471
Share issuing expenses	-	(4,467)	-	-	-	-	-	-	(4,467)	-	(4,467)
Share-based payments	-	-	-	273	-	-	-	-	273	-	273
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	33	33
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(120)	(120)
At 30 June 2014 (unaudited)	190,545	160,262	-	273	5	-	(21,590)	(85,655)	243,840	547	244,387
At 1 January 2015 (audited)	24,961	226,016	81,470	4,844	(156)	(63)	-	(11,060)	326,012	5,669	331,681
Profit for the period	-	-	-	-	-	-	-	11,071	11,071	9,156	20,227
Other comprehensive loss for the period	-	-	-	-	252	-	(2,592)	-	(2,340)	69	(2,271)
Total comprehensive income for the period	-	-	-	-	252	-	(2,592)	11,071	8,731	9,225	17,956
Shares issued	7,050	112,744	-	-	-	-	-	-	119,794	-	119,794
Share issuing expenses	-	(4,583)	-	-	-	-	-	-	(4,583)	-	(4,583)
Share-based payments	-	-	-	4,567	-	-	-	-	4,567	-	4,567
Acquisition of subsidiaries - Note 18	-	-	-	-	-	-	-	-	-	(685)	(685)
Change in ownership in a subsidiary that does not result in a loss of control - Note 19	-	-	-	-	-	(1,110)	-	-	(1,110)	12,841	11,731
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(120)	(120)
At 30 June 2015 (unaudited)	32,011	334,177	81,470	9,411	96	(1,173)	(2,592)	11	453,411	26,930	480,341



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(40,468)	11,022
NET CASH USED IN INVESTING ACTIVITIES	(58,196)	(40,665)
NET CASH FROM FINANCING ACTIVITIES	204,309	137,308
NET INCREASE IN CASH AND CASH EQUIVALENTS	105,645	107,665
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF PERIOD	53,527	42,125
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	150	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	159,322	149,790

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENTS:

1. BASIS OF PREPARATION

The Interim Results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKFRSs**”) and the disclosure requirements of the GEM Listing Rules.

The Interim Results have been prepared under the historical cost basis, except for certain financial instruments which are carried at fair values. The principal accounting policies used in the preparation of the Interim Results are consistent with those applied in the preparation of audited annual financial statements for the year ended 31 December 2014 with addition for the new and revised HKFRSs which are effective for the Group’s financial year beginning on 1 January 2015. The adoption of these new and revised HKFRSs has no material effect on the Interim Results.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

2. SEGMENT INFORMATION

The Group determines its operating segment based on the internal reports that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

- (i) Mobile internet cultural business and provision of IT services;
- (ii) Provision of integral marketing services;
- (iii) Provision of medical diagnostic and health check services;
- (iv) Money lending business; and
- (v) Securities investments business.



Segment revenue and results for the six months ended 30 June 2015 and 2014 are reported below:

For the six months ended 30 June 2015 (unaudited)

	Mobile internet cultural business and provision of IT services HK\$'000	Provision of integral marketing services HK\$'000	Provision of medical diagnostic and health check services HK\$'000	Money lending business HK\$'000	Securities investments business HK\$'000	Total HK\$'000
REVENUE						
External customers	-	148,562	96,455	-	-	245,017
RESULT						
Segments profit (loss)	2,123	17,595	6,108	(282)	7,783	33,327
Unallocated head office and corporate income and expenses						(5,782)
Interest income						20
Finance costs						(2,253)
Profit before income tax						25,312

Amounts included in the measure of segment results:

	Mobile internet cultural business and provision of IT services HK\$'000	Provision of integral marketing services HK\$'000	Provision of medical diagnostic and health check services HK\$'000	Money lending business HK\$'000	Securities investments business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation	(21)	(115)	(9,400)	(7)	-	(49)	(9,592)
Share of results of associates	4,436	(384)	-	-	-	1,392	5,444
Unrealised gain on financial assets at fair value through profit or loss	-	-	-	-	5,788	-	5,788
Realised gain on financial assets at fair value through profit or loss	-	-	-	-	6,132	-	6,132

For the six months ended 30 June 2014 (unaudited)

	Mobile internet cultural business and provision of IT services HK\$'000	Provision of integral marketing services HK\$'000	Provision of medical diagnostic and health check services HK\$'000	Money lending business HK\$'000	Securities investments business HK\$'000	Total HK\$'000
REVENUE						
External customers	1,758	–	89,220	131	–	91,109
RESULTS						
Segment loss	(1,032)	–	(2,621)	(215)	(114)	(3,982)
Unallocated head office and corporate income and expenses						(6,360)
Interest income						161
Finance costs						(696)
Loss before income tax						(10,877)

Amounts included in the measure of segment results:

	Mobile internet cultural business and provision of IT services HK\$'000	Provision of integral marketing services HK\$'000	Provision of medical diagnostic and health check services HK\$'000	Money lending business HK\$'000	Securities investments business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation	(95)	–	(14,821)	(25)	–	(58)	(14,999)
Share of results of associates	–	–	380	–	–	86	466
Realised loss on financial assets at fair value through profit or loss	–	–	–	–	(94)	–	(94)



3. REVENUE

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

	For the six months ended 30 June		For the three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Income from provision of integral marketing services	148,562	–	89,032	–
Income from provision of medical diagnostic and health check services	96,455	89,220	50,525	46,345
Income from provision of IT services	–	1,758	–	1,129
Loan interests and related income	–	131	–	–
	245,017	91,109	139,557	47,474

4. OTHER GAINS AND LOSSES

	For the six months ended 30 June		For the three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Realised gain (loss) on financial assets at fair value through profit or loss	6,132	(94)	292	(6)
Unrealised gain (loss) on financial assets at fair value through profit or loss	5,788	–	5,788	–
Gain on disposal of subsidiaries	–	332	–	220
	11,920	238	6,080	214

5. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax has been arrived at after charging (crediting):

	For the six months ended 30 June		For the three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cost of inventories expensed	14,365	14,327	7,498	7,769
Staff cost (including directors' emoluments)				
– salaries and benefits	50,153	47,252	26,218	23,321
– share-based payments	4,567	273	2,332	273
– retirement scheme contribution	1,379	1,065	701	1,004
	56,099	48,590	29,251	24,598
Interest on borrowings wholly repayable within five years	2,253	696	2,071	531
Minimum lease payments paid under operating leases	7,736	6,248	4,354	3,043

6. INCOME TAX EXPENSE

	For the six months ended 30 June		For the three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Current tax:				
Hong Kong Profits Tax	503	83	352	49
People's Republic of China ("PRC") Enterprise Income Tax	4,582	–	2,426	–
	5,085	83	2,778	49

For the six months ended 30 June 2015, the provision for Hong Kong Profits Tax was calculated at 16.5% of the net estimated assessable profits. The Group's subsidiaries operating in the PRC were subject to the tax rate at 25%.

For the six months ended 30 June 2014, other than the provision for Hong Kong Profits Tax made at 16.5% on the estimated assessable profits, there was no provision for taxation in other jurisdictions as those subsidiaries incurred loss for the period.



7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) for the period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue.

	For the six months ended 30 June		For the three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Earnings (loss)				
Profit (loss) for the period attributable to shareholders of the Company	11,071	(10,763)	4,293	(4,103)

	For the six months ended 30 June		For the three months ended 30 June	
	2015	2014	2015	2014
Number of shares				
Weighted average number of ordinary shares in issue for the purpose of calculation of basic earnings (loss) per share	2,620,132,485	1,349,874,721	2,742,779,793	1,626,574,606
Effect of diluted potential ordinary shares as a result of the share options granted	19,736,549	–	40,537,092	–
Weighted average number of ordinary shares in issue for the purpose of calculation of diluted earnings (loss) per share	2,639,869,034	1,349,874,721	2,783,316,885	1,626,574,606

The computation of diluted loss per share for the six months and three months ended 30 June 2014 does not assume the conversion of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with Hong Kong Accounting Standards 33 "Earnings Per Share" are higher than the average market price of the shares for the period, resulting in no dilutive effect on loss per share.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, additions to property, plant and equipment amounted to HK\$4,741,000 (six months ended 30 June 2014: HK\$4,381,000).

10. MOVEMENTS IN INVESTMENTS IN ASSOCIATES

During the six months ended 30 June 2015, the Group acquired additional 4.8% of issued share capital of Mighty Eight Investments Limited ("**Mighty Eight**") for a consideration of HK\$48,393,000. Completion of such acquisition took place on 22 May 2015. Upon completion, the Group's interest in Mighty Eight increased from 24% to 28.8%.

11. OTHER INVESTMENTS IN EQUITY SECURITIES

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Available-for-sale investments		
Listed shares in Hong Kong, at fair value	26,187	19,135
Financial assets at fair value through profit or loss		
Listed shares in Hong Kong, at fair value	44,495	773

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Trade debtors	80,081	26,304
Other debtors, deposits and prepayments	55,266	20,877
	135,347	47,181



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 associated with trade debtors, credit evaluations of customers are performed periodically. The credit period given to trade debtors ranged from 30 days to 180 days and the following is an aging analysis of trade debtors:

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Within 3 month	70,023	22,433
4 to 6 months	5,469	3,568
Over 6 months	4,589	303
	80,081	26,304

13. CREDITORS, ACCRUALS AND OTHER PAYABLES

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Trade creditors	60,253	7,387
Accruals and other payables	19,285	22,334
Deposits received	676	1,171
	80,214	30,892

The following is an aging analysis of trade creditors:

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Within 3 months	44,396	6,916
Over 3 months	15,857	471
	60,253	7,387

14. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

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

15. SHORT-TERM BORROWINGS

During the six months ended 30 June 2015, the Group obtained net borrowings from certain independent third parties amounting to HK\$84,151,000 (six months ended 30 June 2014: HK\$24,000,000). The borrowings as at 30 June 2015 carry interest at fixed interest rates ranging from 8% to 12% per annum (31 December 2014: fixed interest rate of 8% per annum) and are repayable within one year.

16. SHARE CAPITAL

	Notes	Number of Shares	HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each at 31 December 2014, 1 January 2015 and 30 June 2015		20,000,000,000	200,000
Issued and fully paid:			
Ordinary shares of HK\$0.01 each:			
At 31 December 2014 and 1 January 2015		2,496,122,430	24,961
Issue of shares through placing	(i)	171,486,000	1,715
Issue of shares through placing	(ii)	533,520,000	5,335
At 30 June 2015		3,201,128,430	32,011

Notes:

- (i) On 12 May 2015, a total of 171,486,000 new shares of the Company were issued at a placing price of HK\$0.151 each to not less than six places.
- (ii) On 5 June 2015, a total of 533,520,000 new shares of the Company were issued at a placing price of HK\$0.176 each to not less than six places.

The new shares allotted and issued rank pari passu in all respects with other shares then in issue.

17. CAPITAL COMMITMENTS

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of a subsidiary (Note i)	35,000	–
– acquisition of property, plant and equipment	787	3,015
– investments in associates (Note ii)	15,038	2,521
– investments in equity securities listed in Hong Kong (Note iii)	45,618	–
	96,443	5,536



Notes:

- i. On 21 April 2015, the Company entered into a sale and purchase agreement with DX.com Holdings Limited, the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8086), pursuant to which the Company has conditionally agreed to purchase the entire issued share capital of EPRO (BVI) Limited ("**EPRO Acquisition**"). EPRO (BVI) Limited and its subsidiaries are principally engaged in (i) provision of professional information technology contract services; (ii) provision of maintenance services; and (iii) re-selling of hardware and software. Upon completion of the EPRO Acquisition, EPRO (BVI) Limited will become a subsidiary of the Group.

The consideration of the EPRO Acquisition ranges from HK\$40,000,000 to HK\$120,000,000, which includes (i) deposits of HK\$5,000,000 paid during the six months ended 30 June 2015 (included in other debtors, deposits and prepayments as at 30 June 2015), (ii) promissory note with face value of HK\$35,000,000 carrying interest of 8% per annum which will be issued at completion and (iii) contingent consideration capped at HK\$80,000,000 payable within 30 days after the receipt of audited consolidated financial statements of EPRO (BVI) Limited for the year ended 30 June 2015, which is expected to be available in October 2015.

The EPRO Acquisition was approved at the extraordinary general meeting of the Company held on 10 August 2015 and completion of the EPRO Acquisition has not yet taken place as at the date of this report. Details of the EPRO Acquisition are set out in the announcements of the Company dated 21 April 2015 and 16 July 2015 and the circular of the Company dated 22 July 2015.

- ii. On 15 May 2015, the Group entered into a subscription agreement with Huge Brave Limited ("**Huge Brave Subscription**"), pursuant to which, among others, the Group has conditionally agreed to subscribe for 30% of the issued share capital of Huge Brave Limited as enlarged by the subscription, subject to, among others, completion of acquisition of 北京凱旋萬嘉國際文化發展有限公司 (Beijing Kai Xuan Wan Jia International Cultural Development Co., Ltd*) ("**Beijing Kai Xuan Wan Jia**") by Huge Brave Limited. Beijing Kai Xuan Wan Jia is a PRC company principally engaged in integral marketing, public relations and branding promotion activities in shopping malls in the PRC. Upon completion of the Huge Brave Subscription, the investment in Huge Brave Limited will be classified as an associate of the Group. The total subscription price of the Huge Brave Subscription is HK\$18,750,000 which includes (i) deposits of HK\$6,250,000 paid during the six months ended 30 June 2015 (included in other debtors, deposits and prepayments as at 30 June 2015) and (ii) HK\$12,500,000 payable at completion. After completion, the Group agrees to provide a shareholder's loan with a maximum amount of HK\$18,750,000 to Huge Brave Limited. Details of the Huge Brave Subscription are set out in the announcement of the Company dated 15 May 2015.

Also, as at 30 June 2015, the Group had capital commitment of HK\$2,538,000 (31 December 2014: HK\$2,521,000) in respect of the capital injection in 上海熱爪數碼科技有限公司 (Shanghai Re Zhua Digital Technology Co., Ltd*) ("**Shanghai Re Zhua**"). Upon completion, Shanghai Re Zhua will be held by the Group as to 20%. Details of the capital injection are set out in the announcement of the Company dated 13 November 2014.

* English translated name is for identification only

- iii. On 26 June 2015, the Group entered into a cornerstone investment agreement pursuant to which the Group has agreed to subscribe for shares of China Parenting Network Holdings Limited (“**China Parenting Network**”) at a total consideration of US\$5,000,000 (equivalent to HK\$38,750,000). The shares of China Parenting Network have been listed on GEM of the Stock Exchange (Stock Code: 8361) on 8 July 2015 at HK\$1.39 each. Details of the subscription are set out in the announcement of the Company dated 26 June 2015.

In addition, on 26 May 2015, the Group has irrevocably undertaken to subscribe for 34,000,000 rights shares of Universe International Holdings Limited (“**Universe International**”) under the rights issue of Universe International, shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1046), at HK\$0.202 per rights share for an aggregate consideration of HK\$6,868,000, details of which are disclosed in the circular of Universe International dated 24 June 2015.

18. ACQUISITION OF SUBSIDIARIES

For the six months ended 30 June 2015

- (a) On 27 February 2015, Luck Key Investments Limited (“**Luck Key**”, together with its subsidiaries, “**Luck Key Group**”), a non-wholly owned subsidiary of the Company, completed the acquisition of 70% equity interests in Ever Full Harvest Limited (“**Ever Full**”, together with its subsidiaries, “**Ever Full Group**”) (“**Ever Full Acquisition**”) and a shareholder’s loan of HK\$6,333,000 from Town Health Healthcare Services Limited at the aggregate consideration of HK\$11,882,000, which was satisfied by the allotment and issue of consideration shares by Luck Key to Town Health Healthcare Services Limited. Ever Full Group is principally engaged in the manufacturing of PET Radiopharmaceuticals for medical use.
- (b) On 26 January 2015, the Group acquired 49% issued share capital of Cannes Films Cultural Investment Limited (“**Cannes Films**”, together with its subsidiaries “**Cannes Films Group**”) from an independent third party at a cash consideration of HK\$7,350,000, the investment of which was classified by the Group as an associate. Further, on 8 April 2015, the Group entered into a sale and purchase agreement to acquire an additional 2% issued share capital of Cannes Films (“**Cannes Films Acquisition**”) from Mr. Zhang Xiongfeng (“**Mr. Zhang**”), the chairman of the Board and a substantial shareholder of the Company, at a cash consideration of HK\$300,000. Upon completion of the transaction on 14 April 2015, Cannes Films became a 51% owned subsidiary of the Group. Cannes Films Group is principally engaged in the provision of integrated 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.

Considerations transferred

	Ever Full Group HK\$'000	Cannes Films Group HK\$'000	Total HK\$'000
Cash	–	300	300
Shares issued by Luck Key	11,882	–	11,882
	11,882	300	12,182



Assets and liabilities attributable recognised at the respective dates of acquisitions:

	Ever Full Group HK\$'000	Cannes Films Group HK\$'000	Total HK\$'000
Property, plant and equipment	7,427	630	8,057
Inventories	987	–	987
Debtors, deposits and prepayments	3,457	7,821	11,278
Cash and bank balances	4,784	906	5,690
Creditors, accruals and other payables	(184)	(2,943)	(3,127)
Amounts due to related parties	–	(1,168)	(1,168)
Tax payables	(1,118)	(88)	(1,206)
Short-term borrowings	–	(5,792)	(5,792)
Shareholders' loan	(16,600)	–	(16,600)
Fair value of identifiable not liabilities acquired	(1,247)	(634)	(1,881)

Goodwill arising on acquisitions

	Ever Full Group HK\$'000	Cannes Films Group HK\$'000	Total HK\$'000
Consideration transferred	11,882	300	12,182
Plus: Carrying amount of investment in an associate as at the date of acquisition	–	7,090	7,090
Less: shareholder's loan acquired	(6,333)	–	(6,333)
Consideration for the acquisition	5,549	7,390	12,939
Less: non-controlling interests (Note)	(374)	(311)	(685)
Plus: fair value of identifiable net liabilities acquired	1,247	634	1,881
Goodwill arising on acquisition	6,422	7,713	14,135

Note: The non-controlling interests of 30% in Ever Full Group and 49% in Cannes Films Group recognised at the respective dates of acquisitions were measured with reference to the non-controlling interests' proportionate share of the fair value of the net liabilities of Ever Full Group and Cannes Films Group respectively.

Ever Full Group supplies 18F-FDG to the Luck Key Group. The Ever Full Acquisition 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 the Ever Full Group by other members of the Luck Key Group and as such will enhance operational efficiency of the Group's health check business. In addition, as a result of the Cannes Films Acquisition, the Group expected to expand its business to the provision of integrated marketing services in other areas. Goodwill was recognised by the Group in view of the above factors.

19. TRANSACTION WITH NON-CONTROLLING INTERESTS

Deemed disposal of interest in a subsidiary without loss of control

On 27 February 2015, upon completion of the Ever Full Acquisition, Luck Key allotted and issued consideration shares to Town Health Healthcare Services Limited, resulting in dilution of the Group's interest in Luck Key from approximately 90.1% to approximately 65.0%. The effect of changes in the ownership interest in Luck Key on the equity attributable to shareholders of the Company during the six months ended 30 June 2015 is summarised as follows:

	HK\$'000
Carrying amount of non-controlling interests disposed of	(12,841)
Issue of consideration shares by Luck Key, net of transaction cost incurred	11,731
Changes recognised on disposal within equity	(1,110)

20. SHARE-BASED PAYMENTS

The Company's share option scheme ("**Share Option Scheme**") was adopted on 10 November 2010. The purpose of the Share Option 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 movements of the share options granted under the Share Option Scheme during the six months ended 30 June 2015 are as follows:

	Number of share options
Outstanding at 1 January 2015	190,545,242
Granted on 22 June 2015 (Note)	40,014,126
Outstanding at 30 June 2015	230,559,368

Note:

In addition, on 22 June 2015, share options entitling the holders thereof to subscribe for an aggregate of 226,746,716 shares were conditionally granted to Mr. Zhang. The grant of such options are conditional upon the approval by the shareholders of the Company at the extraordinary general meeting of the Company to be held on 24 August 2015 in accordance with the Note to Rule 23.03(4) and Rule 23.04(1) of the GEM Listing Rules, further details of which are set out in the circular of the Company dated 6 August 2015.



For the share options granted during the six months ended 30 June 2015, the fair value of the share options determined at the date of grant using the Binomial model was HK\$3,336,000. The vesting date of the share options granted on 22 June 2015 is 30 June 2016. The fully vested share options will have an exercise period from 1 July 2016 to 31 December 2016. The following assumptions were used to calculate the fair value:

Share price on the date of grant	HK\$0.207
Exercise price	HK\$0.211
Expected life	1.53 years
Expected volatility	88.284%
Dividend yield	0%
Risk-free interest rate	0.224%

The Binomial model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options.

During the six months ended 30 June 2015, the Group recognised an expense of HK\$4,567,000 (six months ended 30 June 2014: HK\$273,000) in relation to share options granted by the Company under the Share Option Scheme.

21. RELATED PARTY TRANSACTIONS

(a) Related party transactions and balances

Counterparty	Nature of transactions	For the six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Companies wholly-owned by Mr. Zhang	Consideration paid for the Cannes Films Acquisition (Note i) (Note 18)	300	–
An associate of the Group	Issue of new shares (Note ii)	–	44,967
	Income received from provision of integral marketing services	719	–
Non-controlling shareholder of a subsidiary	Rental expenses paid	1,792	–

Details of balances with related parties as at the end of the reporting period are set out in the condensed consolidated statement of financial position and in Note 14.

Notes:

- i. On 8 April 2015, Successful Treasure Investments Limited (a wholly-owned subsidiary of the Company) as the purchaser, Lunch Box Asset Management Limited (a company beneficially and wholly-owned by Mr. Zhang) as the vendor and Mr. Zhang as the warrantor entered into a sale and purchase agreement in relation to the acquisition of 20 issued shares of US\$1.00 each in the issued share capital of Cannes Films, representing 2% of the issued share capital in Cannes Films at the consideration of HK\$300,000.
- ii. On 18 June 2014, the Company entered into the subscription agreement with Turbo Pointer Limited, pursuant to which the Company conditionally agreed to allot and issue, and Turbo Pointer Limited has conditionally agreed to subscribe for, 381,078,000 new shares of the Company at the subscription price of HK\$0.118 per subscription share. Completion of the subscription took place on 29 August 2014 and 381,078,000 shares of the Company were allotted and issued to Turbo Pointer Limited. Turbo Pointer Limited was wholly-owned by Mr. Zhang.

(b) Key management personnel remuneration

The remuneration of the directors of the Company, who are also identified as members of key management of the Group, are as follows.

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Salaries and other short-term benefits	2,679	1,269
Share-based payments	2,327	138
Retirement scheme contribution	10	10
	5,016	1,417

22. EVENTS AFTER REPORTING PERIOD

- (a) On 9 July 2015, the Company entered into a placing agreement with Great Roc Capital Securities Limited (the "SM Placing Agent") pursuant to which the Company has conditionally agreed to place through the SM Placing Agent, on a best endeavour basis, up to 2,500,002,000 placing shares, to not less than six places who and whose ultimate beneficial owners are independent third parties at a price of HK\$0.1 per placing share (the "SM Placing"). The SM Placing was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 10 August 2015 and completion has not yet taken place as at the date of this report. Details of the SM Placing are set out in the announcement of the Company dated 9 July 2015 and the circular of the Company dated 23 July 2015.
- (b) On 14 August 2015, the Group has been allotted and issued a total of 106,242,815 rights shares of Universe International at HK\$0.202 per rights share under the rights issue of Universe International. The aggregate consideration for such rights shares is approximately HK\$21,461,000. Upon the allotment and issue of the rights shares, the Group held approximately 9.17% of the total issued share capital of Universe International as enlarged by the allotment and issue of the rights shares. Details of the transactions are set out in the announcement of the Company dated 14 August 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

During the six months ended 30 June 2015, the Group was principally engaged in (i) mobile internet cultural business and provision of IT services; (ii) provision of integral marketing services; (iii) provision of medical diagnostic and health check services; (iv) money lending business; and (v) securities investments business.

Revenue for the period under review amounted to approximately HK\$245,017,000 (2014: HK\$91,109,000), representing an increase of approximately 169% as compared to the corresponding period in 2014. The Group recorded a net profit of approximately HK\$11,071,000 attributable to the shareholders of the Company for the period under review as compared to the net loss attributable to the shareholders of the Company for the corresponding period in 2014 of approximately HK\$10,763,000, mainly attributable to (a) the net profit recorded from the Group's business of provision of games related integral marketing services since the capital injection in 上海智趣廣告有限公司 (Shanghai Zhiqu Advertisement Co., Ltd.*) ("**Zhiqu**") in September 2014; (b) the share of results of Mighty Eight, which became an associate of the Company in September 2014; (c) the net profit recorded by the health check business for the period under review as compared to the net loss for the corresponding period in 2014; and (d) profit attributable to the gain on financial assets at fair value through profit or loss.

The Group recorded a total comprehensive profit attributable to the shareholders of the Company of approximately HK\$8,731,000 for the period under review as compared to the total comprehensive loss attributable to the shareholders of the Company for the corresponding period in 2014 of approximately HK\$32,348,000, mainly attributable to the reasons mentioned above and the decrease in fair value loss on available-for-sale investments from approximately HK\$21,590,000 for the six months ended 30 June 2014 to approximately HK\$2,592,000 for the six months ended 30 June 2015.

Mobile Internet Cultural Business and Provision of IT Services

To realise the Group's pan-entertainment strategy and the trend of "mobile internet+" industry, the Group has gradually expanded its focus from mobile-online games to encompass industries in the areas of cultural lifestyle of mobile internet, including mobile-games, film culture, O2O interactive entertainment, mobile-online children education and other mobile internet's cultural lifestyle related business and taken the mobile internet as part of its business development strategy.

1. Development of online education platform

The Group aims to explore the "mobile internet+" industry and one of the current focus areas is developing and building online children education platform. On 5 March 2015, the Group entered into a cooperation agreement with 上海賽果文化傳播有限公司 (Shanghai Saiguo Cultural Media Limited*) ("**Shanghai Saiguo**") to undertake a knowledge quizzes competition among the students in China, pursuant to which the

* English translated name is for identification only

Group is responsible for, among others, the design, development and production of the web version and mobile application of the program namely “我是小小中國通” (I Am Little Chinese Hand*) to be used in the activity and maintaining the system and server of the program, together with online to offline coordination in the activity. Such program has already been launched on the web and mobile system “Android” in May 2015 and “iOS” platform in July 2015.

Shanghai Saiguo is a company incorporated in the PRC which 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. Through the cooperation, the Group may develop sustainable business relationship with Shanghai Saiguo and create commercial value for future cooperation with Shanghai Saiguo.

2. *Mobile-online game business*

In 2014 and 2015, the Group completed a series of acquisition of 28.8% issued share capital of Mighty Eight at an aggregate consideration of HK\$258,563,000.

The major subsidiaries and controlled companies of Mighty Eight (“**Mighty Eight Group**”) 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 focused and kept on designing and developing new mobile-online games with innovative in-game experiences like “SanGuo-Mobile”(手機三國), “Voyage Mobile”(手機大航海, also known as 航海爭霸) and “SanGuo Card”(Q卡三國).

In the first half of 2015, Mighty Eight Group developed and launched a new mobile-online game, namely “NBA Heroes”(NBA英雄, also known as 美職籃英雄), integrating traditional Chinese historical themes and elements from “SanGuo” to modern western style NBA basketball sports game, with intellectual property rights officially licensed by the NBA (National Basketball Association). NBA Heroes had been awarded the “Most Anticipated Sports Game of the Year” in the Second International Mobile Game Forum in 2014.

In the second half of 2015, five new games are planned to be launched by Mighty Eight Group with a wide range of themes from Western fantasy to Chinese ancient novel, and categories, from strategy to action tower-defense.

The board of directors of Mighty Eight has proposed to seek for listing of the shares of Something Big Technology Holdings Limited, being the proposed 100% holding company of Mighty Eight, on the Main Board of the Stock Exchange and an application has been submitted to the Stock Exchange on 30 June 2015.

* English translated name is for identification only



Provision of Integral Marketing Services

During the period under review, a segment profit of approximately HK\$17,595,000 (2014: Nil) was recorded, which was mainly attributable to the provision of games related integral marketing services of Zhiqu.

1. Games related integral marketing services

The Group has started the provision of games related integral marketing services since the capital injection in Zhiqu in September 2014. During the period under review, revenue generated from the provision of games related integrated marketing services amounted to approximately HK\$143,997,000 (2014: Nil), which accounted for approximately 59% (2014: Nil) of the Group's revenue. Under the development of gaming market in China, Zhiqu achieved a continuous growth in revenue and, through expansion in its business scale, captured the opportunities in the emerging market. The offering of reliable after-sales services allows Zhiqu to establish a stable relationship with its customers. The Board is optimistic about the business opportunities and potential from the provision of games related integral marketing services.

2. Acquisition of Cannes Films

In January and April 2015, the Group acquired an aggregate 51% of the issued share capital of Cannes Films. The major subsidiary of Cannes Films, Banana Limited, is principally engaged in the provision of integral advertising agency services and film production. Banana Limited currently is also an affiliated member of the Association of Accredited Advertising Agencies of Hong Kong (HK4As). Upon completion of the acquisition in April 2015, Cannes Films has become a subsidiary of the Group. During the period under review, the contribution from Cannes Films Group to the results of the Group is not significant.

The Group gave a positive outlook on integral marketing business, and through the acquisition of Cannes Films, the Group expected to expand its business to the provision of integrated marketing services in other areas to enhance its current market positioning as an integral marketing services provider.

Health Check Business

The Group had offered a wide spectrum of quality healthcare services to the general public in Hong Kong through the nine health check centres, two testing laboratories and a laboratory for manufacturing of PET Radiopharmaceuticals operated by Luck Key Group. During the period under review, revenue from the health check business amounted to approximately HK\$96,455,000 (2014: HK\$89,220,000), representing approximately 8.1% growth, and a segment profit of approximately HK\$6,108,000 (2014: segment loss of HK\$2,621,000) was recorded.

On 31 December 2014, Luck Key entered into a sale and purchase agreement with Town Health Healthcare Services Limited, a wholly-owned subsidiary of Town Health International Medial Group Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 3886), to acquire 70% issued share capital of Ever Full and a shareholder's loan at the aggregate consideration of HK\$11,882,000, which was 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 has reduced from approximately 90.1% to approximately 65.0%.

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) of Luck Key Group. The acquisition of Ever Full by Luck Key Group allowed the supply of 18F-FDG to 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 Luck Key Group and as such will enhance operational efficiency of the Group's health check business.

Money Lending Business

During the period under review, since the Group has primarily been focusing its resources on investment in mobile internet cultural industry business which included the acquisition of additional interests in Mighty Eight for the investment in mobile-online game business and investments in listed securities under securities investment business, there was no loan portfolio made by the Group.

However, the Group has been approached by potential borrowers for provision of loans from time to time and considers the demand for money lending is increasing, The Group would closely monitor the potential development and will pay close attention to the market conditions so as to capture business opportunities in this segment should they arise.

Securities Investments Business

The Group's investment portfolio mainly comprises investments in listed securities. During the period under review, the segment profit amounted to approximately HK\$7,783,000 (2014: segment loss of approximately HK\$114,000) mainly attributable to the trading of financial assets at fair value through profit or loss.

In addition to financial assets at fair value through profit or loss, as at 30 June 2015, the Group held a number of shares of Universe International, a company listed on the Main Board of the Stock Exchange (Stock Code: 1046). The Group recorded an unrealised fair value loss on available-for-sale investments of approximately HK\$2,592,000 as other comprehensive loss for the period under review.

The Group will continue optimizing its investment portfolios to invest in quality listed securities so as to create value for the shareholders of the Company.



PROSPECTS

In recent years, the mobile-online game market has moved towards a higher level in terms of sophistication and globalization. With the increasing popularity of various innovative portable devices, including smartphones, a change in living consumption pattern in the areas of entertainment, education and health care has been witnessed in the past few years. In the mobile-online game market, there is an increasing number of mobile game players who are willing to spend money on mobile games. Nevertheless, the mobile-online game industry is highly competitive with low barriers of entry and it is expected that more companies will enter this industry and a wider range of games will be introduced. To cater for the diverse preferences of pan-entertainment and the trend of "mobile internet+" industry, the Group has gradually expanded its focus from mobile-online games to encompass industries in the areas of cultural lifestyle of mobile internet, including mobile-games, film culture, O2O interactive entertainment, mobile-online children education and other mobile internet's cultural lifestyle related business and taken the mobile internet as part of its business development strategy.

A favorable market environment has set in motion for the rapid development in the mobile internet cultural industry business, including but not limited to the mobile-online game business and its related services offering, entertainment business and even the mobile-online education business, which will be one of the Group's business focus to realise the pan-entertainment and "mobile internet+" business strategy.

Following a series of acquisitions of an aggregate of 24% issued share capital of Mighty Eight in 2014, the Group has further acquired additional 4.8% of issued share capital of Mighty Eight in May 2015. Upon completion, the Group's interest in Mighty Eight increased from 24% to 28.8%, which has increased the Group's shares in the financial results of Mighty Eight. The board of directors of Mighty Eight has proposed to seek for listing of shares of Something Big Technology Holdings Limited, being the proposed 100% holding company of Mighty Eight, on the Main Board of the Stock Exchange and an application has been submitted to the Stock Exchange on 30 June 2015.

To bring supports to the Group to implement the "mobile internet+" business strategy, on 21 April 2015, the Group entered into the a conditional sale and purchase agreement with DX.com Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock code: 8086) to acquire the entire issued share capital of EPRO (BVI) Limited ("**EPRO**", together with its subsidiaries, "**EPRO Group**") at a consideration of HK\$40,000,000 (subject to adjustment to not more than HK\$120,000,000).

EPRO Group is principally engaged in provision of professional information technology contract and maintenance services in China and Hong Kong and is a CMMi5 accessed information technology and software outsourcing provider that tailor-made professional IT solutions for sizable corporate clients and government departments. Its core businesses include enterprise software applications and platform development outsourcing services, mobile internet applications and platform development outsourcing services, mainframe downsizing, application localization and systems integration.

The Directors consider that the EPRO Acquisition will enable the Group to acquire a greater technical support in replenishing the Group's overall strength in research and development of internet technology platform to develop the mobile internet cultural industry business, by bringing in EPRO Group's supports on technical know-how and seasoned management team in provision of tailor-made professional IT solutions and customized software development services in the PRC, and may also develop the data collection and management services through establishing internet connections between the software and mobile applications. The technology and managerial experience of the Group will be combined with EPRO Group to achieve integration and sharing, and to provide mutual support in the technology area.

The Group believes that having a strong development and operation team will be one of the key success factors to the development of mobile internet cultural industry business. Given that EPRO Group established proprietary software development and operation infrastructure and is experienced in providing professional tailor-made information technology services to sizeable corporate clients and government departments to address their needs, the Group expects that EPRO Group will bring in supports to the Group to implement the business strategy.

FINANCIAL RESOURCES AND LIQUIDITY

The Group has maintained a strong liquidity and financial position. As at 30 June 2015, the total assets of the Group were approximately HK\$688,407,000 (31 December 2014: HK\$378,155,000) including cash and bank balances of approximately HK\$159,322,000 (31 December 2014: HK\$53,527,000), among which approximately 78% (31 December 2014: 77%) are denominated in Hong Kong dollars. The net current assets of the Group was approximately HK\$133,724,000 (31 December 2014: HK\$56,983,000) and the Group's current ratio, being current assets over its current liabilities, was approximately 1.64 times (31 December 2014: 2.2 times).

As at 30 June 2015, the Group had short-term borrowings of approximately HK\$104,943,000 (31 December 2014: HK\$15,000,000) which were at fixed interest rates ranging from 8% to 12% per annum (31 December 2014: fixed interest rate of 8% per annum), repayable within one year and denominated in Hong Kong dollars. The Group's gearing was 0.30 times (31 December 2014: 0.12 times), calculated on the basis of total liabilities to total assets.



CAPITAL STRUCTURE

As at 30 June 2015, the Group had shareholders' equity of approximately HK\$453,411,000 (31 December 2014: HK\$326,012,000).

Placing of new shares on 22 April 2015 under general mandate

On 22 April 2015, the Company and Win Fung Securities Limited ("**Win Fung**") as the placing agent entered into the placing agreement (the "**April Placing Agreement**"), pursuant to which the Company had conditionally agreed to place through Win Fung, on a best endeavour basis, up to 171,486,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the "**April Placing Shares**"), 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\$0.151 per April Placing Share (the "**April Placing**"), which represented: (i) a discount of approximately 19.7% to the closing price of HK\$0.188 per share of the Company as quoted on the Stock Exchange on the date of the April Placing Agreement; and (ii) a discount of approximately 10.5% to the average closing price of HK\$0.1688 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 April Placing Agreement. The April Placing Shares were 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 12 May 2015, completion of the April Placing took place in accordance with the terms and conditions of the April Placing Agreement. The Company received net proceeds of approximately HK\$24.7 million from the April Placing, representing a net issue price of approximately HK\$0.144 per April Placing Share, and (i) as to approximately HK\$18.7 million had been utilised for acquisition of securities under the Group's securities investment business and (ii) as to approximately HK\$6 million are intended to be used for the development of online education platform in the PRC, which have not been utilised as at the date of this report. The aggregate nominal value of the April Placing Share under the April Placing was HK\$1,714,860.

The Directors were of the view that the April Placing represented a good opportunity for the Group to raise additional capital, which would allow the Company to increase its capital base and widen its shareholder base. The Directors (including the independent non-executive Directors) considered that the April Placing was in the interests of the Company and its shareholders as a whole.

Placing of new shares on 22 May 2015 under general mandate

On 22 May 2015, the Company and Astrum Capital Management Limited (“**Astrum**”) as the placing agent, entered into the placing agreement (the “**May Placing Agreement**”), pursuant to which the Company had agreed to place through Astrum, on a best endeavour basis, up to 533,520,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the “**May Placing Shares**”), 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\$0.176 per May Placing Share (the “**May Placing**”), which represented: (i) a discount of approximately 15.0% to the closing price of HK\$0.207 per share of the Company as quoted on the Stock Exchange on the date of the May Placing Agreement; and (ii) a discount of approximately 14.3% to the average closing price of HK\$0.2054 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 May Placing Agreement.

On 5 June 2015, completion of the May Placing took place as agreed between the Company and Astrum. The Company received net proceeds of approximately HK\$90.3 million from the May Placing, representing a net issue price of approximately HK\$0.169 per May Placing Share, and as to (i) approximately HK\$39 million had been utilised for the cornerstone investment in China Parenting Network Holdings Limited, details of which are set out in the announcement of the Company dated 26 June 2015, (ii) as to approximately HK\$21.5 million had been utilised for funding the Group’s investment under the rights issue of Universe International, details of which are set out in the announcement of the Company dated 14 August 2015, and (iii) as to approximately HK\$29.8 million was intended to be applied for future potential acquisitions or investments of the Group, which have not been utilised as at the date of this report. The aggregate nominal value of the May Placing Shares under the May Placing was HK\$5,335,200.

The Directors were of the view that the May Placing represented a good opportunity for the Group to raise additional capital for further development and investment, and would also allow the Company to increase its capital base and widen its shareholder base. The Directors (including the independent non-executive Directors) considered that the May Placing was in the interests of the Company and its shareholders as a whole.

FOREIGN EXCHANGE

During the six months ended 30 June 2015, the Group mainly generated revenue and incurred costs in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure, and thus do not implement any foreign currency hedging policy at the moment. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign currency exposures. As at 30 June 2015, the Group had no significant exposure under foreign exchange.



CHARGE ON THE GROUP'S ASSETS

As at 30 June 2015, the Group did not have any charge on assets (31 December 2014: Nil).

CAPITAL COMMITMENTS

As at 30 June 2015, the Group had capital commitments mainly contracted for acquisition of a subsidiary, investments in associates and investments in listed equity securities of approximately HK\$96,443,000 (31 December 2014: capital commitments mainly contracted for acquiring property, plant and equipment and investment in an associate of HK\$5,536,000). As at 30 June 2015, the Group had sufficient internal resources to finance its capital expenditures.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities (31 December 2014: Nil).

EMPLOYEES REMUNERATION POLICIES

As at 30 June 2015, the Group had approximately 260 employees (31 December 2014: 230). Staff (including Directors) salaries, allowances and bonuses totaled approximately HK\$56,099,000 for the period under review (six months ended 30 June 2014: HK\$48,590,000). The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

Remuneration of employees 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.

On top of regular remuneration, discretionary bonus and share options may be granted to employees and Directors by reference to the Group's performance as well as individual performance of such employee and/or Director. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to the Group's 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 period under review are set out in the section headed "Share Option Scheme" of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2015, 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 Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("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 Rules 5.48 to 5.67 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	571,617,000 (Note 2)	11.90%

Notes:

1. This is based on the total issued shares of the Company as at 30 June 2015, as enlarged by the rights issue ("**June Rights Issue**"), i.e. 4,801,692,645 shares of the Company, and the June Rights Issue was subsequently terminated, details of which are set out in the announcements of the Company dated 14 June 2015 and 7 July 2015.
2. Being interest in shares of the Company held by Turbo Pointer Limited, which is beneficially and wholly-owned by Mr. Zhang Xiongfeng. As such, Mr. Zhang is deemed to be interested in all the 571,617,000 shares of the Company by virtue of the SFO. Mr. Zhang is also the director of Turbo Pointer Limited.



(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	283,910,289 (Note 3)	5.91%
Zhang Peiao	Beneficial owner	64,785,133 (Note 4)	1.35%

Notes:

- These are (i) 57,163,573 ordinary shares of the Company (“Shares”) 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 with the vesting date of the said options on 31 December 2015 and can be exercised by Mr. Zhang between 1 January 2016 and 30 June 2016 at the subscription price of HK\$0.14 per Share; and (ii) 226,746,716 Shares to be issued upon exercise of the unlisted physically settled share options conditionally granted to Mr. Zhang on 22 June 2015 pursuant to the Share Option Scheme, with the vesting date of the said options on 30 June 2016 and can be exercised by Mr. Zhang between 1 July 2016 and 31 December 2016 at the subscription price of HK\$0.211 per Share, and such options are subject to approval by the shareholders of the Company at the extraordinary general meeting of the Company to be held on 24 August 2015.
- These are (i) 38,109,049 Shares 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 with the vesting date of the said options on 31 December 2015 and 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; and (ii) 26,676,084 Shares to be issued upon exercise of the unlisted physically settled share options granted to Mr. Zhang Peiao on 22 June 2015 pursuant to the Share Option Scheme, with the vesting date of the said options on 30 June 2016 and can be exercised by Mr. Zhang Peiao between 1 July 2016 and 31 December 2016 at the subscription price of HK\$0.211 per Share.

Save as disclosed above, as at 30 June 2015, 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 Rules 5.48 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEME

Under the terms of the Share Option Scheme, 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 Share Option 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.

Details of the share options granted under the Share Option Scheme and outstanding during the period under review are as follows:

Grantees	Date of grant	Vesting date	Exercise price per Share	Exercisable period	Outstanding as at 1 January 2015	Granted during the period	Outstanding as at 30 June 2015
Director – Zhang Xiongfeng	19 June 2014	31 December 2015	HK\$0.14	1 January 2016 – 30 June 2016	57,163,573	–	57,163,573
	22 June 2015	30 June 2016	HK\$0.211	1 July 2016 – 31 December 2016	–	– (Note 1)	– (Note 1)
Director – Zhang Peiao	19 June 2014	31 December 2015	HK\$0.14	1 January 2016 – 30 June 2016	38,109,049	–	38,109,049
	22 June 2015	30 June 2016	HK\$0.211	1 July 2016 – 31 December 2016	–	26,676,084 (Note 2)	26,676,084
Employee	19 June 2014	31 December 2015	HK\$0.14	1 January 2016 – 30 June 2016	19,054,524	–	19,054,524
	22 June 2015	30 June 2016	HK\$0.211	1 July 2016 – 31 December 2016	–	13,338,042 (Note 2)	13,338,042
Others	19 June 2014	31 December 2015	HK\$0.14	1 January 2016 – 30 June 2016	76,218,096	–	76,218,096
					190,545,242	40,014,126	230,559,368

No share options were exercised, cancelled or lapsed during the six months ended 30 June 2015.

Notes:

- On 22 June 2015, share options entitling the holders thereof to subscribe for an aggregate of 226,746,716 Shares were conditionally granted to Mr. Zhang Xiongfeng. The grant of such options are conditional upon the approval by the shareholders of the Company at the extraordinary general meeting of the Company to be held on 24 August 2015 in accordance with the Note to Rule 23.03(4) and Rule 23.04(1) of the GEM Listing Rules, further details of which are set out in the circular of the Company dated 6 August 2015.
- The closing price of the Shares immediately before the date on which these share options were granted was HK\$0.2090 per Share.



SUBSTANTIAL SHAREHOLDER'S AND OTHER PERSONS' INTEREST

As at 30 June 2015, 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 the SFO:

(i) Substantial shareholder

Name of Shareholder	Capacity	Number of ordinary shares	Approximate percentage (Note 1)
Turbo Pointer Limited	Beneficial owner	571,617,000 (Note 2)	11.90%

(ii) Other persons

Name of Shareholder	Capacity	Number of ordinary shares	Approximate percentage (Note 1)
Jun Yang Securities Company Limited	Interest through controlled corporation (Note 3)	1,410,025,215 (Note 3)	29.37%
Jun Yang Solar Power Investments Limited	Beneficial owner	1,410,025,215 (Note 3)	29.37%

Notes:

1. This is based on the total issued shares of the Company as at 30 June 2015, as enlarged by the June Rights Issue, i.e. 4,801,692,645 shares of the Company.
2. This includes 190,539,000 rights shares undertaken to be accepted by Turbo Pointer Limited under the June Rights Issue.
3. Based on the notices of disclosure of interests of Jun Yang Securities Company Limited, the underwriter of the June Rights Issue, and Jun Yang Solar Power Investments Limited filed with the Stock Exchange dated 15 June 2015, such shares were held by Jun Yang Securities Company Limited which is wholly-owned by Jun Yang Solar Power Investments Limited. Accordingly, Jun Yang Solar Power Investments Limited is deemed to be interested in the aggregate of 1,410,025,215 Shares held by Jun Yang Securities Company Limited.

Save as disclosed above, as at 30 June 2015, there were no shareholders of the Company or other persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company 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 six months ended 30 June 2015.

COMPETING INTERESTS

None of the Directors nor their respective close associates had an interest in a businesses, apart from the businesses of the Group, which compete or may compete either directly and indirectly, with the businesses of the Group during the period under review.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2015, the Company has 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 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 during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules (the "**Code Provision**") during the six months ended 30 June 2015.



AUDIT COMMITTEE

An audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with the 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.

The Group’s unaudited condensed consolidated results for the six months ended 30 June 2015 and this report have been reviewed by the Audit Committee, which is of the opinion that the preparation of such results and report complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

By the order of the Board
China Mobile Games and Cultural Investment Limited
Zhang Peiao
Executive Director

14 August 2015

As at the date of this report, the Board comprises (i) three executive Directors, namely Mr. Zhang Xiongfeng, Mr. Zhang Peiao and Mr. Hung Kenneth, and (ii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing.