INTERACTIVE ENTERTAINMENT CHINA CULTURAL TECHNOLOGY INVESTMENTS LIMITED
互娛中國文化科技投資有限公司

(formerly known as China Mobile Games and Cultural Investment Limited)
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8081)

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Content

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Mr. Zhang Peiao *(Chief Executive Officer)*
Mr. Hung Kenneth

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Mr. Wong Ching Yip

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Ms. Lam Ching Yee

COMPANY SECRETARY
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Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am delighted to share the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015. During the year under review, the Group recorded revenue (including continuing and discontinued operations) of approximately HK$634,011,000 (2014: HK$236,970,000), representing an increase of 168% as compared with the corresponding period in last year. The profit attributable to the shareholders of the Company (including continuing and discontinued operations) was approximately HK$63,951,000 (loss attributable to the shareholders of the Company (including continuing and discontinued operations) in the corresponding period in 2014: HK$26,189,000).

A FRUITFUL YEAR WITH KEY ACHIEVEMENTS ACCOMPLISHED

For the year ended 31 December 2015, the Group has been actively expanding its business to cover a broader spectrum in the field of "mobile internet+" including mobile-online games, film culture, mobile-online children education and taken the mobile internet as part of its business development strategy. The Group has also acquired certain land and buildings and their related hospitality business in Australia to diversify the Group's investments and broaden its income streams. The Group will continue to seek different opportunities to diversify the investment portfolio.

The Group entered into a sale and purchase agreement ("**SP Agreement**") in December 2015 and agrees to dispose of its 51.46% interest in 上海智趣廣告有限公司 (in English, for identification purpose, Shanghai Zhiqu Advertisement Co., Ltd.) ("**Zhiqu**") at a consideration of approximately RMB237 million. The disposal of Zhiqu represents a lucrative opportunity to the Group to realise its investment in the integral marketing services business so as to enable the Group to re-allocate more financial resources on its mobile internet cultural business, particularly in mobile-online education business, which will be one of the Group's business focus to realise the pan-entertainment and "mobile internet+" business strategy, and development in the hospitality business in Australia. Upon the completion of disposal of Zhiqu, the Group will no longer carry on the integral marketing services business, which was regarded as a discontinued operation during the year ended 31 December 2015.

In respect of the continuing operations, Luck Key Investment Limited ("**Luck Key**" and its subsidiaries, "**Luck Key Group**"), a non-wholly-owned subsidiary of the Company, providing medical diagnostic and health check services, has continued its good performance and further strengthened the financial position of the Group. In view of the increased aging population in Hong Kong and the huge demand of comprehensive health check services, it is expected that there is still huge room for the business development of Lucky Key.

PROSPECTS

Looking forward, our corporate strategy will be two prong. On one hand, the Group has gradually expanded its focus from mobile-online games to encompass industries in the areas of cultural lifestyle of mobile internet, to push forward the pan-entertainment and "mobile internet+" business strategy. On the other hand, the Group also made a debut in developing hospitality business in Australia by acquiring winery and accommodation projects. Coming up next year, we look forward to all potential opportunities to expand the current business and diversify the investments.

To better reflect and emphasise the direction of the development of the Group in the mobile internet entertainment and cultural business, the Group has changed its English company name from "China Mobile Games and Cultural Investment Limited" to "Interactive Entertainment China Cultural Technology Investments Limited" and changed the secondary name in Chinese from "中國手遊文化投資有限公司" to "互娛中國文化科技投資有限公司". The Group has observed a serious of encouraging results, and will continue to work tirelessly and energetically to accomplish its plan in the future development to realize its new business target and maximize the returns to the shareholders of the Company ("**Shareholders**").

APPRECIATION

I would like to take this opportunity to express my gratitude to all valuable Shareholders, investors and clients for their support and also thanks to all the staff for their efforts to contribute to the success of the Group.

Zhang Xiongfeng
Chairman

23 March 2016

BUSINESS AND FINANCIAL REVIEW

For the year ended 31 December 2015, the principal activities of the Group were (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) provision of hospitality and related services in Australia; (v) money lending business; and (vi) assets investments business.

For the year ended 31 December 2015, the Group recorded a revenue (including continuing and discontinued operations) of approximately HK$634,011,000 (2014: HK$236,970,000), representing an increase of approximately 168%. The net profit (including continuing and discontinued operations) attributable to the Shareholders was approximately HK$63,951,000 for the year under review, as compared to the net loss attributable to the Shareholders in 2014 of approximately HK$26,189,000. The increase was mainly attributable to (a) the increase in share of profits of Mighty Eight Investments Limited ("**Mighty Eight**"), its subsidiaries and controlled companies ("**Mighty Eight Group**"), which became an associate of the Company in September 2014; (b) the increase in net profit recorded by the Group's health check business for the year ended 31 December 2015 as compared to the corresponding period in 2014; (c) the increase in net profit recorded from the Group's business of provision of integrated digital marketing services since the Group's capital injection in Zhiqu, which became a subsidiary of the Company in September 2014; (d) the gain on bargain purchase of approximately HK$32,783,000 for the acquisition of the entire issued share capital of EPRO (BVI) Limited ("**EPRO BVI**", together with its subsidiaries, "**EPRO BVI Group**") which was completed on 31 August 2015; (e) profit attributable to the gain on financial assets at fair value through profit or loss of approximately HK$50,821,000 for the year ended 31 December 2015; and (f) the decrease in fair value loss on available-for-sale investments from approximately HK$23,120,000 for the year ended 31 December 2014 to approximately HK$4,066,000 for the year ended 31 December 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-online children education, mobile-games, O2O interactive entertainment and other mobile internet's cultural lifestyle related business and taken the mobile internet as part of its business development strategy.

1. "Mobile internet +" and IT business – development of education platform

The Group aims to explore the "mobile internet+" industry and one of the current focus areas is developing and building an 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 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. A new application "十萬零一個為什麼" (One Hundred Thousand and One Questions*) was under development by the Group during the year under review. Such application includes knowledge quizzes in different aspects such as sinology, astronomy, geography, intangible cultural heritage, folkways, English, technology and animations.

* English translated name is for identification only

2. *Provision of professional IT contract and maintenance services*

To bring supports to the Group to implement its "mobile internet+" business strategy, on 21 April 2015, the Group entered into a conditional sale and purchase agreement to acquire the entire issued share capital of EPRO BVI at a total consideration of HK$60,264,000 ("**EPRO BVI Acquisition**"). Completion of the EPRO BVI Acquisition took place on 31 August 2015 and a gain on bargain purchase for the EPRO BVI Acquisition of approximately HK$32,783,000 was recorded by the Company. EPRO BVI became a wholly-owned subsidiary of the Company since then.

EPRO BVI 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 EPRO BVI 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 BVI 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 People's Republic of China (the "**PRC**"). During the year under review, EPRO BVI Group recorded a revenue of approximately HK$50,685,000 and profit before taxation of approximately HK$1,199,000. The Directors are reviewing the operations of EPRO BVI Group to formulate a long term development plan.

3. *Mobile-online game business*

In 2014 and 2015, the Group acquired an aggregate of 28.8% issued share capital of Mighty Eight ("**Mighty Eight Acquisitions**"). Since September 2014, Mighty Eight has become an associate of the Company. During the year under review, there is an increase in share of profits of Mighty Eight from approximately HK$6,573,000 for the year ended 31 December 2014 to approximately HK$29,618,000 for the year ended 31 December 2015.

During the year under review, Mighty Eight developed and launched another 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. NBA Heroes had been ranked among one of the top 5 downloaded sports games and top 10 sports games in terms of gross billing respectively on the App Store in the PRC.

Pursuant to the terms of the sale and purchase agreements for the Mighty Eight Acquisitions, Century Grand Holdings Limited ("**Century Grand**") and Hydra Capital SPC for and on behalf of SP#1 ("**Hydra Capital SPC**", collectively with Century Grand, The "**Vendors**") as vendors have guaranteed to Best Faith Limited (a wholly-owned subsidiary of the Group) as purchaser ("**Best Faith**") that, among others, the Mighty 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**") and for three years ended 31 December 2015 shall not be less than 95% of the target amount of RMB229,000,000 (i.e. RMB217,550,000) (the "**Second Guaranteed Profit**"). The First Guaranteed Profit was not met and a compensation of the shortfall of the First Guaranteed Profit ("**Initial Adjustment Amount**") from Century Grand of approximately HK$4,801,000 was recognised in the Group's statement of profit or loss during the year ended 31 December 2014. In 2015, the Group further acquired 4.8% issued share capital of Mighty Eight from Hydra Capital SPC and an Initial Adjustment Amount of approximately HK$960,000 was received on the date of completion of such acquisition. Based on the audited consolidated financial statements of Mighty Eight for the years ended 31 December 2014 and 31 December 2015, the Audited NOP for the guaranteed period of the three years ended 31 December 2015 is approximately RMB217,752,000. Since the Second Guaranteed Profit was achieved, Best Faith shall refund to the Vendors the Initial Adjustment Amounts.

The refund of the Initial Adjustment Amounts of approximately HK$5,761,000 has been settled by Best Faith to the Vendors immediately after the receipt of audited consolidated financial statements of Mighty Eight for the year ended 31 December 2015 in March 2016. The Initial Adjustment Amount received from Century Grand of approximately HK$4,801,000 previously recognised in the statement of profit or loss during the year ended 31 December 2014 was therefore reversed during the year ended 31 December 2015. Details of the formula for the calculation of the adjustments above are set out in the announcements of the Company dated 29 January 2014, 13 August 2014 and 14 April 2015 and the circular of the Company dated 19 June 2014.

Medical Diagnostic and Health Check Services

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$202,990,000 (2014: HK$188,049,000), representing approximately 7.9% growth, and a segment profit of HK$15,313,000 (2014: HK$7,429,000) was recorded.

On 27 February 2015, Luck Key acquired 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 was satisfied by the allotment and issue of consideration shares by Luck Key. The Group's interest in Luck Key has reduced from approximately 90.1% to approximately 65% since then.

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. With reference to the financial performance of the health check business in 2015, the Board is optimistic about the prospects of its health check business and expects that its health check business will continue to generate stable revenue and cash flows to the Group.

Hospitality and Related Services in Australia

In order to diversify the Group's business, the Group acquired two granges in Australia which offer winery accommodation and conference centres services, including certain associated land, surrounding or adjacent farmland, and the related businesses (i.e. the accommodation facility business, and all assets used in connection with that business and the assignment of operating licence) at the consideration of AUD17,000,000 in November 2015. The Lancefield property includes a piece of freehold land of approximately 403,100 square metres located at Lancefield, Victoria, Australia and the building erected on such land, which is an established hotel, restaurant, vineyard and conference facility which basically includes fifty-two accommodation rooms, five conference rooms, four guest lounges and 'various breakout rooms'. The Hepburn Springs property includes a piece of freehold land of approximately 9,713 square metres located at Hepburn Springs, Victoria, Australia and the building erected on such land, which is an established hotel, restaurant and conference facility split over three levels which basically includes forty-three accommodation rooms plus four conference rooms.

During the year under review, the Group recorded revenue of approximately HK$2,688,000 (2014: Nil) and segment loss of approximately HK$133,000 (2014: Nil) which was mainly due to initial expenses incurred in relation to the acquisition of granges.

The Group intends to carry out improvements on the facilities of the existing hotels and construct new wings of hotels on the existing land held by the Group in Australia and/or on an adjacent land to be acquired by the Group so as to increase the attractiveness of the grange for bringing in a higher income to the Group and further expand the Group's hospitality business in Australia.

Provision of Integral Marketing Services – Discontinued operation

During the year under review, revenue generated from the provision of integral marketing services amounted to approximately HK$376,158,000 (2014: HK$45,653,000) and a segment profit of approximately HK$36,024,000 (2014: HK$2,474,000) was recorded, which was mainly attributable to the provision of integrated digital marketing services by Zhiqu.

On 7 December 2015, 迹象信息技術(上海)有限公司 (in English for identification purpose only, Jixiang Information Technology (Shanghai) Co., Ltd.) (“**Jixiang**”), a wholly-owned subsidiary of the Company, Mr. Xu Jialiang, Mr. Xu Xiaofeng, Zhiqu and LEO Group Co., Ltd. 利歐集團股份有限公司 (“**LEO Group**”), a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 002131), entered into the SP Agreement pursuant to which Jixiang, Mr. Xu Jialiang and Mr. Xu Xiaofeng have conditionally agreed to sell, and the LEO Group have conditionally agreed to acquire, the entire equity interest in Zhiqu (the “**Zhiqu Disposal**”), at a total consideration of RMB754,000,000 (equivalent to approximately HK$912,340,000), RMB237,010,000 (equivalent to approximately HK$286,782,000) of which shall be payable to Jixiang and will be satisfied by LEO Group by the allotment and issue of 13,055,555 new shares of LEO Group and payment of cash consideration of RMB25,510,009 to Jixiang.

The Directors consider that the Zhiqu Disposal represents a lucrative opportunity to the Group to realise its investment in the provision of integral marketing services business so as to enable the Group to re-allocate more financial resources on its mobile internet cultural industry business, including but not limited to the mobile-online education business, mobile-online game business and even the business entertainment, which will be one of the Group’s business focus to realise the pan-entertainment and “mobile internet+” business strategy, and development in the hospitality business in Australia. The Company also considers that the receipt of shares in LEO Group represents an opportunity for the Group to invest in LEO Group, which will diversify the Company’s investments and may bring return to the Shareholders. The Zhiqu Disposal is approved by the Shareholders in the special general meeting of the Group on 29 February 2016 and is subjected to approval by the China Securities Regulatory Commission as at the date of this report.

Money Lending Business

The Group’s loan portfolios comprised of unsecured loans granted to individual customers with average interest rate charged of 11% per annum. During the year under review, the Group recorded interest income of approximately HK$1,384,000 (2014: HK$131,000) from this segment. The credit terms of the outstanding loan were about half a year. The Group has been closely paying close attention to the market conditions for capturing business opportunities in the money lending segment and will expand the business to diversify the income source of the Group and generate steady returns.

Assets Investments Business

Currently, the Group’s investment portfolio mainly comprises investments in listed securities. During the year under review, the segment profit amounted to approximately HK$22,452,000 (2014: segment loss of approximately HK$21,371,000) mainly attributable to the unrealised gain on financial assets at fair value through profit or loss.

In addition to financial assets at fair value through profit or loss, the Group recorded an unrealised fair value loss on available-for-sale investments of approximately HK$4,066,000 (2014: HK$23,120,000) as other comprehensive loss. An impairment loss on available-for-sale investments of approximately HK$20,248,000 (2014: HK$23,120,000) was reclassified from other comprehensive loss to the statement of profit or loss for the year under review.

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

In order to diversify the Group’s business, the Group entered into certain sale and purchase agreements to acquire certain investment properties in Hong Kong. It is expected that these acquisitions will bring new income to the Group and generate steady revenue after completion. The acquisitions are expected to be completed on or before 31 May 2016.

PROSPECTS

The world has entered into the era of internet and is moving rapidly towards mobile internet connectivity that will further change how and where people associate, gather, leisure and share information. Business related to internet lifestyle will gradually interweave into daily life of ordinary people. The popularity of smartphones and mobile internet will continue its booming, and hence create more opportunities. With the increasing popularity of various innovative portable devices, including smartphones, a change in living consumption pattern in the areas of education entertainment, 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 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-online children education, mobile-games, O2O interactive entertainment, and other mobile internet's cultural lifestyle related business and taken the mobile internet as part of its business development strategy. To better reflect and emphasise the direction of the development of the Group in the mobile internet entertainment and cultural business, the English name of the Company has been changed to "Interactive Entertainment China Cultural Technology Investments Limited".

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 education business, mobile-online game business and even the entertainment business, which will be one of the Group's business focus to realise the pan-entertainment and "mobile internet+" business strategy.

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. The completion of the acquisition of the entire issued share capital of EPRO BVI brings supports to the Group in replenishing the Group's overall strength in research and development of internet technology platform. Given that EPRO BVI Group has 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 BVI Group will provide requisite support to implement its business strategy.

Looking into the future, the Group will stay focus on the development of online education platform and also source other business opportunities for diversifying the business portfolios with the aim to create better returns for the investors.

In order to diversify the Group's business, the Group acquired certain land and buildings and their related hospitality business in Australia in November 2015. It is expected that these acquisitions will diversify the Group's investments and pursue more diversified revenue. The Group is considering to further develop the Group's business in Australia, in particular, the Group intends to carry out improvements on the facilities of the existing hotels and construct new wings of hotels on the existing land held by the Group in Australia and/or on an adjacent land to be acquired by the Group. The Group also aims to enhance the operating efficiency of its hospitality business by periodically reviewing the hospitality operations. In addition, the management of the Group will continue to devote significant efforts to plan and exercise asset enhancement initiatives to bring long term growth in hotel room numbers and revenue to the Group.

The Group will keep making efforts to seek different opportunities, diversifying investment portfolio to realise business expansion from mobile-online games to encompass elements of cultural and lifestyle of mobile internet. The Group has observed a serious of encouraging results of the new strategy, and will continue to work tirelessly and energetically to accomplish its plan in the future development to realise its new business target.

By making several investments into companies that have high growth potential or returns, the Group will seek potential merger and acquisition opportunities and create synergies with its segments in the future. In addition, the Group will make greater efforts to strengthen its long-term partnership with its business partners in different industries to accelerate its healthy growth and ultimately generate greater value to Shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

The Group has maintained a strong liquidity and financial position. As at 31 December 2015, the total assets of the Group were approximately HK$1,292,294,000 (2014: HK$378,155,000) including cash and bank balances of approximately HK$78,587,000 (2014: HK$53,527,000), among which approximately 85% (2014: 77%) are denominated in Hong Kong dollars. The net current assets of the Group was approximately HK$293,910,000 (2014: HK$56,983,000) and the Group's current ratio, being current assets over its current liabilities, was approximately 1.68 times (2014: 2.2 times).

As at 31 December 2015, the Group had short-term borrowings of approximately HK$153,998,000 (2014: HK$15,000,000) which borne interest at rates ranging from 8.25% to 9% per annum (2014: fixed interest rate of 8% per annum), repayable within one year and denominated in Hong Kong dollars. The Group's gearing was 0.34 times (2014: 0.12 times), calculated on the basis of total liabilities to total assets.

ISSUE OF NOTES

On 13 October 2015, in order to provide funding for the Group's assets investments business, the Company issued 9% per annum notes in the aggregate principal amount of HK$150,000,000 maturing on the first anniversary of the date of issue. The net proceeds of such issue is approximately HK$145,500,000 and had been fully utilised for funding the acquisition of securities for the Group's assets investments business.

CAPITAL STRUCTURE

As at 31 December 2015, the Group had shareholders' equity of approximately HK$819,690,000 (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 endeavor 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 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 as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the April Placing Agreement. The April Placing Shares were allotted and issued pursuant to the general mandate refreshed by the Shareholders at the extraordinary general meeting of the Company held on 12 August 2014.

Completion of the April Placing was conditional upon the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the April Placing Shares to be placed pursuant to the April Placing Agreement by 13 May 2015 (or such later date as the Company and Win Fung may agree in writing).

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 assets investments business, and (ii) as to approximately HK$6 million are intended to be used for the development of online education platform in the PRC, out of which approximately HK$2 million had 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 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 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 as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the May Placing Agreement. The May Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company on 15 May 2015.

Completion of the May Placing was conditional upon the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the May Placing Shares to be placed pursuant to the May Placing Agreement by 5 June 2015 (or such later date as the Company and Astrum may agree in writing).

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 Holdings Limited, 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 had been utilised for funding the consideration of acquisitions of properties and business in Australia, details of which are set out in the Company's announcement dated 11 November 2015. 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 Shareholders as a whole.

Placing of new shares on 9 July 2015 under specific mandate

On 9 July 2015, the Company and Great Roc Capital Securities Limited ("**Great Roc**") as the placing agent, entered into the placing agreement (the "**July Placing Agreement**"), pursuant to which the Company had agreed to place through Great Roc, on a best endeavour basis, up to 2,500,002,000 new ordinary shares of HK$0.01 each in the share capital of the Company ("**July 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$0.1 per July Placing Share ("**July Placing**"), which represented: (i) a discount of approximately 29.08% to the closing price of HK$0.141 per Share as quoted on the Stock Exchange on the date of the July Placing Agreement; and (ii) a discount of approximately 33.42% to the average closing price of HK$0.1502 per Share as quoted on the Stock Exchange for the five consecutive trading days of Shares immediately prior to the date of the July Placing Agreement. The July Placing Shares were allotted and issued pursuant to the special mandate granted to the Directors at the extraordinary general meeting of the Company held on 10 August 2015 ("**Specific Mandate**").

Completion of the July Placing was conditional upon: (i) the granting or agreeing to grant by the Stock Exchange of the listing of, and permission to deal in, all of the July Placing Shares; and (ii) the Specific Mandate being obtained.

On 21 August 2015, completion of the July Placing took place as agreed between the Company and Great Roc. The Company received net proceeds of approximately HK$240 million from the July Placing, representing a net issue price of approximately HK$0.096 per July Placing Share, and (i) approximately HK$62 million had been applied to fund the EPRO BVI Acquisition, completion of which took place on 31 August 2015 and the expenses in relation to the EPRO BVI Acquisition; (ii) HK$100 million had been utilised for early repayment of borrowings of the Group; (iii) HK$40 million had been utilised for money lending business of the Group; and (iv) approximately HK$38 million had been used for funding the acquisition of securities under the Group's assets investments business. The aggregate nominal value of the July Placing Shares under the July Placing was HK$25,000,020.

The Directors are of the view that the July Placing represents a good opportunity for the Group to raise additional capital for financing acquisition and investment of the Group and repayment of the borrowings of the Group, and would also allow the Company to increase its capital base and widen its shareholder base. The Directors (including the independent non-executive Directors) consider that the July Placing is in the interests of the Company and Shareholders as a whole.

Placing of new shares on 30 September 2015 under general mandate

On 30 September 2015, the Company and Convoy Securities Limited ("**CSL**") as the placing agent, entered into the placing agreement (the "**September Placing Agreement**"), pursuant to which the Company had agreed to place through CSL, on a best endeavour basis, up to 1,140,210,000 new ordinary shares of HK$0.01 each in the share capital of the Company (the "**September 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$0.045 per September Placing Share (the "**September Placing**"), which represented: (i) a discount of approximately 11.76% to the closing price of HK$0.051 per Share as quoted on the Stock Exchange on the date of the September Placing Agreement; and (ii) a discount of approximately 19.35% to the average closing price of HK$0.0558 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the September Placing Agreement. The September Placing Shares were allotted and issued pursuant to the general mandate refreshed by the Shareholders at the extraordinary general meeting of the Company held on 24 August 2015.

Completion of the September Placing is conditional upon the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the September Placing Shares to be placed pursuant to the September Placing Agreement by 16 October 2015 (or such later date as the Company and CSL may agree in writing).

On 15 October 2015, completion of the September Placing took place as agreed between the Company and CSL. The Company received net proceeds of approximately HK$49.3 million from the September Placing, representing a net issue price of approximately HK$0.043 per September Placing Share, and had been utilised for funding the acquisition of listed securities for the Group's assets investments business. The aggregate nominal value of the September Placing Shares under the September Placing was HK$11,402,100.

The Directors are of the view that the September Placing represents a good opportunity for the Group to raise additional capital for capturing the opportunities to invest in quality listed securities, and would also allow the Company to increase its capital base and widen its shareholder base. The Directors (including the independent non-executive Directors) consider that the September Placing is in the interests of the Company and Shareholders as a whole.

Capital Reorganisation

On 30 September 2015, the Company announced to implement the capital reorganisation after the change of domicile becoming effective that (i) every 10 issued and unissued shares of HK$0.01 each will be consolidated into 1 consolidated share ("**Consolidated Share**") of HK$0.10 each (the "**Share Consolidation**"); (ii) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK$0.10 to HK$0.01 (the "**Capital Reduction**"); (iii) immediately following the Capital Reduction, each authorised but unissued Consolidated Shares of HK$0.10 each will be sub-divided into 10 new shares of HK$0.01 each (the "**Share Subdivision**"); and (iv) the credits arising in the books of the Company from the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation, and the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda. The Share Consolidation, Capital Reduction and Share Subdivision had become effective after 9:00 a.m. (Hong Kong time) on 22 December 2015. Details of the above are set out in the announcements of the Company dated 30 September 2015, 1 December 2015 and 21 December 2015 and the circular of the Company dated 23 October 2015.

FOREIGN EXCHANGE

The Group mainly generated revenue and incurred costs in Hong Kong dollars, Renminbi and Australian dollars. The Group did not invest in any derivative product for hedging during the year under review. Nevertheless, the Group will keep monitoring the foreign currency risk and when there is uncertainty or material fluctuations of foreign exchange rate, the Group will consider to use appropriate hedging instruments including futures and forward contracts in management of exposure affecting the fluctuations of foreign exchange rates.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2015, certain borrowing facilities of the Group were secured by time deposit of approximately HK$13,000,000 and financial assets at fair value through profit or loss of approximately HK$98,011,000 (2014: the Group did not have any charges on assets).

CAPITAL COMMITMENTS

As at 31 December 2015, the Group had capital expenditure commitments contracted for acquiring property, plant and equipment and investment properties of approximately HK$66,772,000 (2014: contracted for acquiring property, plant and equipment and investment in an associate of approximately HK$5,536,000). The Group had sufficient internal resources to finance its capital expenditures for acquiring property, plant and equipment and will fund the acquisition of investment properties by the net proceeds from the rights issue of the Company (details of which are set out in the prospectus of the Company dated 11 March 2016).

CONTINGENT LIABILITIES

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

EMPLOYEES REMUNERATION POLICIES

As at 31 December 2015, the Group had 1,530 employees (2014: 230). Staff (including the Directors) salaries, allowances and bonuses totaled approximately HK$156,883,000 for the year under review (2014: HK$101,376,000), of which approximately HK$31,095,000 (2014: Nil) was included in cost of services. The Group continues to maintain and upgrade the capabilities of its workforce under review 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.

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 pursuant to an ordinary resolution of all the then Shareholders passed 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" in the Directors' Report.

EXECUTIVE DIRECTOR

Mr. ZHANG Xiongfeng, aged 48, has been appointed as an executive Director and the chairman of the Board (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 currently an independent non-executive director of Fire Rock Holdings Limited (Stock code: 8345), a company whose shares are listed on the GEM. 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 in 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 40, 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 45, 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 China Demeter Investment Limited (Stock code: 8120) and an executive director of DX.com Holdings Limited (Stock code: 8086), and independent non-executive director of IR Resources Limited (Stock code: 8186), all of which are companies listed on the GEM.

* *English translated name is for identification only*

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. WONG Siu Keung, Joe, aged 51, 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.

Ms. Lin Ting, aged 46, was appointed as an independent non-executive Director on 7 December 2015. Ms. Lin graduated from Shanghai University of Engineering Science（上海工程技術大學）with a bachelor's degree in industrial enterprise management in 1992. Ms. Lin has also obtained a master's degree in technology management in information technology from The Hong Kong University of Science and Technology in 2004. Ms. Lin was qualified as a project management professional by the Project Management Institute in March 2014 till March 2017. Ms. Lin joined the China Cargo Airlines Co., Ltd.（中國貨運航空有限公司）in August 1998 and served as deputy general manager of the business development department since March 2009. She then joined Eastern Airlines Logistics Co., Ltd.（東方航空物流有限公司）in November 2012 as the general manager of information department. Ms. Lin then served as general manager in the logistics product department of China Eastern Airlines Co., Ltd.（中國東方航空股份有限公司）, a joint stock limited company incorporated in the PRC with limited liability whose H shares are listed on the Stock Exchange (Stock Code: 670), A shares are listed on the Shanghai Stock Exchange (Stock Code: 600115) and American depositary shares are listed on the New York Stock Exchange, Inc., and the holding company of Eastern Airlines Logistics Co., Ltd., from April 2013 to January 2015. Prior to joining the Company, Ms. Lin served as IT director of Beijing Shenzhou Taiyue Liangpin E-Commerce Co., Ltd.（北京神州泰岳良品電子商務有限公司）since July 2015. She is a member of the audit committee, nomination committee and remuneration committee of the Board.

Mr. WONG Ching Yip, aged 43, 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**") (currently known as Sing Pao Media Enterprises Limited), 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.

The Directors present herewith their report together with the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in Note 40 to the consolidated financial statements.

CHANGE OF COMPANY'S NAME

By a special resolution passed on 16 November 2015, the name of the Company was changed from "China Mobile Games and Cultural Investment Limited" to "Interactive Entertainment China Cultural Technology Investments Limited".

CHANGE OF DOMICILE

The Company has been deregistered from the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The change of domicile became effective on 30 November 2015 (Bermuda time) (or 1 December 2015 (Hong Kong time)).

In connection with the change of domicile, a new memorandum of continuance and bye-laws ("**Bye-Laws**") have been adopted by the Company with effect from 30 November 2015 (Bermuda Time) (or 1 December 2015 (Hong Kong time)).

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 58. The Board proposed a 2015 final dividend (2014: Nil) by way of bonus issue ("**Bonus Issue**") of shares on the basis of two new shares of the Company ("**Bonus Shares**") for every ten existing shares of the Company held by the Shareholders whose names appear on the register of members of the Company on Monday, 16 May 2016. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount standing to the credit of the contributed surplus account of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 13 May 2016 to Monday, 16 May 2016 (both days inclusive) in order to determine entitlements of the Shareholders to the Bonus Issue. In order to be entitled to qualify for entitlement to the Bonus Issue, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 12 May 2016.

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 156 in this report.

DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK$884,000.

SUBSIDIARIES

Details of the acquisitions and disposals during the year and particulars of the subsidiaries are set out in Notes 34, 35 and 40 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 12 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in Note 26(a) to the consolidated financial statements. Details of change in the capital structure of the Company are set out in the paragraph headed "Capital Structure" in the Management Discussion and Analysis on pages 13 to 16 in this report.

SHARE OPTION SCHEME

Under the terms of a share option scheme (the "**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 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 under review and outstanding as at 31 December 2015 are as follows:

Grantees	Date of grant	Vesting date	Adjusted exercise price per share after share consolidation*	Exercisable period	Outstanding as at 1 January 2015	Granted during the year	Share Consolidation*	Outstanding as at 31 December 2015
Director – Zhang Xiangfeng (Note)	19 June 2014	31 December 2015	HK$1.4	1 January 2016 – 30 June 2016	57,163,573	–	(51,447,216)	5,716,357
	22 June 2015	30 June 2016	HK$2.11	1 July 2016 – 31 December 2016	–	226,746,716	(204,072,045)	22,674,671
Director – Zhang Peiao	19 June 2014	31 December 2015	HK$1.4	1 January 2016 – 30 June 2016	38,109,049	–	(34,298,145)	3,810,904
	22 June 2015	30 June 2016	HK$2.11	1 July 2016 – 31 December 2016	–	26,676,084	(24,008,476)	2,667,608
Employee	19 June 2014	31 December 2015	HK$1.4	1 January 2016 – 30 June 2016	19,054,524	–	(17,149,069)	1,905,455
	22 June 2015	30 June 2016	HK$2.11	1 July 2016 – 31 December 2016	–	13,338,042	(12,004,237)	1,333,805
Others	19 June 2014	31 December 2015	HK$1.4	1 January 2016 – 30 June 2016	76,218,096	–	(68,596,288)	7,621,808
					190,545,242	266,760,842	(411,575,476)	45,730,608

* The exercise price of outstanding share options of the Company ("**Outstanding Options**") granted and the total number of the new ordinary shares of the Company comprised in the Outstanding Options which may be allotted and issued upon exercise of all such Outstanding Options have been adjusted after taking into account the effect of share options, details of which are set out in the Company's announcement dated 21 December 2015.

Note: The grant of options to Mr. Zhang Xiongfeng on 22 June 2015 resulted in the total number of shares of the Company to be issued upon exercise of the options by Mr. Zhang Xiongfeng in the 12-month period exceeding 1% of the shares of the Company in issue as at the date of the grant and it had been approved by the Shareholders at the extraordinary general meeting of the Company on 24 August 2015 at which Mr. Zhang Xiongfeng and his associates had abstained from voting.

No share options were exercised, cancelled or lapsed during the year ended 31 December 2015. Details of the Company's share option scheme are set out in Note 33 to the consolidated financial statements.

As consented by Mr. Zhang Xiongfeng and Mr. Zhang Peiao collectively as grantees ("**Director Grantees**") of an aggregate of 34,869,540 shares of the Company (equivalent to 348,695,422 shares of the Company immediately before the capital reorganisation of the Company having become effective on 22 December 2015) ("**Previous Director Options**") and approved by the Board, the Previous Director Options were cancelled with effect from 19 January 2016. The Director Grantees have not exercised the Previous Director Options. No compensation is payable to the Director Grantees for cancellation of the Previous Director Options. Details of which are set out in the announcement of the Company dated 19 January 2016.

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 57,011,304 shares of HK$0.01 each (representing approximately 8.33% 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 57,011,304 shares of the Company (representing approximately 8.33% of the issued share capital of the Company as at the date this report) (including options carrying the right to subscribe for 53,772,048 shares which are conditionally granted to two Directors and shall be subject to approval by the Shareholders at general meeting to be convened and held) have been granted under the existing Scheme limit.

Consideration of HK$1 was paid by each of the grantee on acceptance of the share options granted on 22 June 2015.

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 62 in this report and Note 27 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the company had reserves available for distribution as set out in Note 27 to the consolidated financial statements, calculated in accordance with the Companies Act 1981 of Bermuda.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant event occurring after the reporting period are set out in Note 39 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)*
Mr. Hung Kenneth

Independent non-executive Directors:

Mr. Wong Siu Keung, Joe	
Ms. Lin Ting	(appointed on 7 December 2015)
Mr. Wong Ching Yip	
Mr. Luk Chi Shing	(resigned with effect from 31 August 2015)
Ms. Wu Qimin	(appointed on 24 August 2015 and resigned with effect from 7 December 2015)

Pursuant to Bye-Law 83(2) of the Bye-Laws, Ms. Lin Ting were appointed by the Board and will retire at the forthcoming annual general meeting of the Company and, being eligible, offer herself for re-election.

In accordance with Bye-Law 84 of the Bye-Laws, Mr. Zhang Peiao and Mr. Wong Ching Yip 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, and Mr. Wong Ching Yip has been re-appointed for a term of 12 months commencing from 1 January 2016. Ms. Lin Ting has been appointed for a term commencing from 7 December 2015 to 31 December 2016.

CONFIRMATION OF INDEPENDENCE

Pursuant to the requirement of the GEM Listing Rules, the Company has received an annual written confirmation of his/her 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 and the Chairman, in the Cannes Films SPA, as mentioned under the paragraph headed "Related Party Transactions and Connected Transactions" in this report which subsisted during the year under review, no Director had a material interest, whether directly or indirectly, in any transactions, arrangement or 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 under review are set out below:

On 8 April 2015, Lunch Box Asset Management Limited (beneficially and wholly-owned by Mr. Zhang Xiongfeng, the Chairman and an executive Director) as the vendor, Mr. Zhang Xiongfeng as the warrantor and Successful Treasure Investments Limited (a wholly-owned subsidiary of the Company) as the purchaser entered into the agreement ("**Cannes Films SPA**") in relation to the acquisition of 20 issued shares of US$1.00 each in the capital of Cannes Films Cultural Investment Limited, representing 2% of the issued share capital in Cannes Films Cultural Investment Limited at the consideration of HK$300,000. The acquisition allowed the Group to expand its business to the provision of integral marketing services in other areas.

Continuing connected transactions undertaken by the Group during the year under review subject to reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules are set out below:

As Town Health International Medical Group Limited ("**Town Health International**"), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3886), is the holding company of (i) Town Health Healthcare Services Limited, a substantial shareholder of Luck Key (a non-wholly-owned subsidiary of the Company) holding approximately 27.9% of the issued share capital of Luck Key since 27 February 2015; and (ii) Town Health BVI Limited, a shareholder of Luck Key holding approximately 7.1% of the issued share capital of Luck Key. As such, each of Town International and its subsidiaries (being associate of Town Health International) has become a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules since 27 February 2015 and the transactions contemplated under the Previous Licence Agreement (defined below), the Previous Tenancy Agreements (defined below), the New Licence Agreement (defined below) and the Master Tenancy Agreement (defined below) constitute continuing connected transactions of the Company under the GEM Listing Rules since 27 February 2015.

Town Health Medical and Dental Services Limited (a wholly-owned subsidiary of Town Health International "**THMDS**") as licensor, and Hong Kong Health Check Centre Limited (an indirect non-wholly-owned subsidiary of the Company, "**HKHCC**") as licensee, entered into a licence agreement ("**Previous Licence Agreement**") on 1 September 2014 in relation to the grant by the licensor to the licensee of the exclusive right to use, enjoy and occupy the premises as a health check centre for the Group ("**Licensed Premises**") at a monthly licence fee of approximately HK$118,000; and (ii) certain group companies of Town Health International as landlords, and certain subsidiaries of Luck Key as tenants, entered into three tenancy agreements ("**Previous Tenancy Agreements**") in relation to the renting of a number of premises as a health check centre, laboratory and supporting office for the Group ("**Leased Premises**") on 20 August 2013, 19 December 2013 and 26 May 2014 respectively at a respective monthly payment (inclusive of rents, management fees and common facilities charges) of approximately HK$108,000, HK$90,000 and HK$122,000.

On 29 May 2015, THMDS as licensor and HKHCC as licensee entered into another licence agreement ("**New Licence Agreement**") in relation to the grant by THMDS to HKHCC of the exclusive right to use, enjoy and occupy the Licensed Premises as health check centre for the Group from 1 June 2015 to 31 August 2017 at a monthly licence fee of approximately HK$118,000. On the same date, Fair Jade as landlord and the Company as tenant entered into a master tenancy agreement ("**Master Tenancy Agreement**") to regulate the renting arrangements of the Leased Premises and the properties ("**New Premises**") owned by Fair Jade or its subsidiaries ("**Landlords**") which the Group may rent during the term of the Master Tenancy Agreement ("**Renting Arrangements**", each a "**Renting Arrangement**") from the respective Landlords during the period from 1 June 2015 to 31 December 2017 at rents to be determined by the parties to each Renting Arrangement with reference to the then prevailing market rents on premises comparable in location, area and permitted use.

Each of the Previous Licence Agreement and the Previous Tenancy Agreements had either expired or had been terminated on 31 May 2015 and was replaced by a New Licence Agreement and new tenancy agreements entered into pursuant to the Master Tenancy Agreement.

Major terms of the Previous Licence Agreement, New Licence Agreement, the Previous Tenancy Agreements and Master Tenancy Agreement are set out in the announcement of the Company dated 29 May 2015.

The continuing connected transactions under the New Licence Agreement and the Master Tenancy Agreement, together with the transactions under the Previous Licence Agreement and the Previous Tenancy Agreements for the period from 27 February 2015 to 31 May 2015 (collectively "**CCT**") are exempt from the independent Shareholders' approval requirement but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

As the Group has been occupying these premises as the Group's health check centres, laboratory and supporting office in Hong Kong, entering of the Previous Licence Agreement, the Previous Tenancy Agreements, the New Licence Agreement and the Master Tenancy Agreement allows the Group to continue to use these premises and shelter the Group from any potential loss due to relocation of its existing health check centres, laboratory and supporting office and save the relocation costs of the Group. In addition, the Master Tenancy Agreement will also provide the Group with opportunities to rent new premises from the landlords based on market prices in which the Company considers suitable for the continuous expansion of its business.

The auditor has provided a letter to the Board and confirmed that, for the year ended 31 December 2015:

(a) nothing has come to the auditor's attention that causes the auditor to believe that the CCT have not been approved by the Board;

(b) nothing has come to the auditor's attention that causes the auditor to believe that the CCT were not entered into, in all material respects, in accordance with the relevant agreements governing the CCT; and

(c) with respect to the aggregate transactions amount of the CCT under the New Licence Agreement and the Master Tenancy Agreement, nothing has come to our attention that causes us to believe that those CCT have exceeded the relevant annual caps as set by the Company.

The independent non-executive directors have reviewed the continuing connected transactions set out in Note 30 to the consolidated financial statements and confirmed that the transactions have been entered into by the Group:

(i) in the ordinary and usual course of its business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Details of significant related party transactions undertaken by the Group during the year in the ordinary course of business are set out in Note 30 to the consolidated financial statements. Certain of those related party transactions also fall under the definition of "connected transaction" or "continuing 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

The Group owns acquired 28.8% equity interest of Mighty Eight Investments Limited ("**Mighty Eight**", together with its subsidiaries and controlled companies, the "**Mighty Eight Group**"). 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 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 Licence.

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 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 and its supplemental agreements, 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 and its supplemental agreements, 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 and its supplemental agreements, 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 and its supplemental 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 RMB105,929,000 for the year ended 31 December 2015. The total assets and net assets attributable to Shanghai Group (i.e. the Contractual Arrangements) amounted to approximately RMB45,608,000 and RMB32,091,000 for the year ended 31 December 2015. 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.

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 Internet culture business and mobile game publication in PRC directly. In compliance with 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 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，進一步加強網絡游戲前置審批和進口網絡游戲審批管理的通知）(**"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.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of the current corporate structure of the Shanghai Group, corporate governance, business operations and financial results.

The Ministry of Commerce, or the MOFCOM, published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. While the MOFCOM solicited comments on this draft earlier last year, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the entire legal framework regulating the foreign investments in the PRC and may also impact the viability of the current corporate structure of the Shanghai Group, and its corporate governance, business operations and financial results to some extent.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether a company is considered a foreign invested enterprise, or an FIE. The draft Foreign Investment Law specifically provides that entities established in the PRC but "controlled" by foreign investors will be treated as FIEs, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM, treated as a PRC domestic investor provided that the entity is "controlled" by PRC entities and/or citizens. In this connection, "control" is broadly defined in the draft law to cover any of the following summarised categories: (i) holding 50% or more of the voting rights or similar equity interest of the subject entity; (ii) holding less than 50% of the voting rights or similar equity interest of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to material influence on the board, the shareholders' meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE, and its investment amount exceeds certain thresholds or its business operation falls within a "negative list" to be separately issued by the State Council in the future, market entry clearance by the MOFCOM or its local counterparts would be required. Otherwise, all foreign investors may make investments on the same terms as Chinese investors without being subject to additional approval from the government authorities as mandated by the existing foreign investment legal regime.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including Shanghai Wanjia, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in the PRC. Under the draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately "controlled" by foreign investors. Therefore, for any companies with a VIE structure in an industry category that is on the "negative list", the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the "negative list" without market entry clearance may be considered as illegal.

The draft Foreign Investment Law has not taken a position on what will happen to the existing companies with a VIE structure, although a few possible options were proffered at the comment solicitation stage. Under these options, a company with VIE structures and in the business on the "negative list" at the time of enactment of the new Foreign Investment Law has either the option or obligation to disclose its corporate structure to the authorities, while the authorities, after reviewing the ultimate control structure of the company, may either permit the company to continue its business by maintaining the VIE structure (when the company is deemed ultimately controlled by PRC citizens), or require the company to dispose of its businesses and/or VIE structure based on circumstantial considerations. Moreover, it is uncertain whether the current businesses that Shanghai Wanjia operates or plans to operate through Shanghai Wanjia and Shanghai SBT, will be subject to the foreign investment restrictions or prohibitions set forth in the "negative list" to be issued. If the enacted version of the Foreign Investment Law and the final "negative list" mandate further actions, such as the MOFCOM market entry clearance, to be completed by companies with existing VIE structure like the Shanghai Group, the Shanghai Group face uncertainties as to whether such clearance can be timely obtained, or at all. Furthermore, it cannot be assured that Shanghai Wanjia and Shanghai SBT will still be controlled. If such corporate structure is required to be changed, further actions required to be taken by the Shanghai Group under the enacted Foreign Investment Law may materially and adversely affect the business and financial condition of the Shanghai Group.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact the corporate governance practice and increase the compliance costs of the Shanghai Group. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be noncompliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

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.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out in the section in the paragraph headed "Business and Financial Review" of the Management Discussion and Analysis on pages 6 to 10 in this report.

PRINCIPAL RISK AND UNCERTAINTIES

Risks which are relevant to the Group and its business

(i) Mobile internet cultural business and provision of IT services and provision of integral marketing services

The Group's mobile internet cultural business and provision of IT services and provision of integral marketing services is sensitive to general economic conditions. A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business, financial condition, results of operations and prospects. Economic conditions in the PRC are sensitive to global economic conditions. Since the Group's revenue from mobile internet cultural business and provision of IT services and provision of integral marketing services is substantially derived, and it is expected to be continued to be substantially derived, from the PRC, the Group's business and prospects are affected by economic conditions in the substantially PRC.

The IT industry is characterised by rapid technological changes, changes in consumer preferences, the Frequent development and enhancement of services and products and emerging industry standards. The introduction of services or products embodying new technologies and the emergence of new industry standards and practices can render existing services or products obsolete and unmarketable. The Company's future success will depend, in part, on its ability to: (i) develop new products and services that address the increasingly sophisticated and varied needs of prospective customers; and (ii) respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. If the Company is unable to develop and introduce new products in a timely manner in response to changing market conditions or customer requirements, or if its new products and services do not achieve market acceptance, the Company's business will be harmed. The development of new products and services entail significant technological risks. The Company cannot assure that it will succeed in using new technologies effectively, adapting its services and products to emerging industry standards, developing, introducing and marketing service and product enhancements, or introducing new products and services.

The market for mobile games are highly competitive, when the Group develops new games in the future may present further operating and marketing challenges. If the Group fails to successfully develop and launch new games in the competitive markets or if the games developed by the Group lack popularity, the Group may not be able to capture the growth opportunities associated with these new games or recover the costs associated with developing and marketing such games, which may materially and adversely affect the Group's business, financial condition, results of operations and growth strategies.

The Group owns 28.8% equity interest of Mighty Eight and does not have control over the Mighty Eight Group. The Group will rely on PrimeVision to exercise control over the Shanghai Group through the Contractual Arrangements. If PrimeVision fails to exercise its right under the Contractual Arrangements or otherwise fails to exercise control and obtain the economic benefits from the Shanghai Group through the Contractual Arrangements, the financial results 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.

Details of the Contractual Arrangements of Mighty Eight Group and risks relating to the Contractual Arrangements are set out in the paragraph headed "Information On The Contractual Arrangements of Mighty Eight Group" in this report.

(ii) Provision of medical diagnostic and health check services

Though the medical and health check services provided by the Group are performed by qualified medical practitioners and laboratory technicians in the health check centres and the laboratories, it is possible that the Group may face liability claims from its customers arising from professional negligence and employee misconduct. The Group has adopted internal control measures and protocol for provision of medical services. However, there is no assurance that such measures can completely eliminate the risk of professional negligence and/or employee misconduct, and failure to defend against any possible claims could adversely affect the business reputation or operation of the Group.

(iii) Provision of hospitality and related services in Australia

The local business risks in Australia in which the Group's provision of hospitality and related services operate could have material impact on the businesses, financial condition, results of operations or growth prospects of the Group's business in hospitality in Australia. The Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional operating expenses and capital expenditures, increase in market capacity, pose a risk to the overall investment return of the Group's businesses and may delay or disrupt the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

The results of the Group are recorded in Hong Kong dollars but its subsidiaries, may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, also on the repatriation of earnings, equity investments and loans may therefore adversely affect the Group's businesses, financial condition, results of operations or growth prospects. A depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

(iv) Money lending business

The money lending business of the Group is exposed to default from the Group's customers, which involves the risk of loss due to the inability or unwillingness of customers to meet their contractual obligations. If the customers of the money lending business of the Group fail to meet their contractual obligations, the Company may incur additional costs to realise the collaterals for the secured loans. The risks of losses will be higher for the unsecured loans in the event of default.

(v) Assets investments business

For the Group's business of trading of securities in Hong Kong, the Group aims at maximising the profits of the Company for the Shareholders and will revamp its investment strategy and explore securities investment opportunities with due care and diligence. Due to the volatility and uncertainties of the securities market in Hong Kong, the Company may suffer loss on securities trading in the future if the investment strategy that the Company has adopted does not fit the current market conditions.

For the Group's property investment in Hong Kong, the trends in the property market sentiment and conditions, political developments, governmental regulations and changes in planning or tax laws, levels of interest rates Hong Kong may affect the Group's property value and rental values and may pose risks to the Group's businesses, financial condition, results of operations or growth prospects.

Risks which are relevant to the industry and market in which the Group operates

The Group's success will depend, in part, on its ability to respond to technological advances. The Company may not be successful in responding quickly, cost-effectively and sufficiently to these developments. If the Company is unable, for technical, financial or other reasons, to adapt in a timely manner in response to technological advances, it will not be able to compete effectively and the business of the Group would be adversely affected.

The Group may face risks and uncertainties posed by local political, regulatory and religious environments and failure to comply with country-specific regulatory restrictions may expose the Group to fines, penalties and liabilities. There is no assurance that the current government policies, economic and social conditions in the regions where the Group's business operates will not undergo significant changes in the future. Any new rules and regulations introduced and implemented in the future which regulates the provision of IT services (including mobile internet cultural business), medical and health check services, hospitality business and related services offering in Australia business, money lending business and assets investments business, may adversely affect the business, international expansion and growth prospects of the Group.

Financial Instrument Risks

The Group is subject to market risk, such as currency fluctuations, volatility of interest rates and price risk, credit risk, and liquidity risk in the normal course of the Group's business. Particulars of the nature and extent of financial instrument risks of the Company are set out in note 31 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group encourages environmental protection and promote awareness towards environmental protection to the employees. The Group has adopted paperless systems and practices in its daily operations such as human resources and procurement as appropriate. Creating a paperless working environment not only reduces environmental damage but also fits commercial goals and can save physical space, facilitate information sharing via IT networks, and reduce complicated documentation procedures. Moreover, duplex printing and copying has become the norm within the Group, greatly reducing paper consumption and saving costs. Data on printing is regularly collected and assess, to monitor the efficacy of the paperless environment.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises that employees are valuable assets of the Group. The Group ensures all employees are reasonably remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety. Employees are encouraged to devote time to participate in local fund raising activities.

The Group understands the importance of maintaining a good relationship with its suppliers, customers and business partners to meet its immediate and long-term goals. We value the feedback from customers and always try to understand their needs through regular communication and business update.

COMPLIANCE WITH REGULATIONS

During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Cap. 622), GEM Listing Rules, and other applicable local laws and regulations in various jurisdictions that has a significant impact on the business and operations of the Group.

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

As at 31 December 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 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 5.48 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	38,107,800 (Note 2)	5.57%

Notes:

1. This is based on the total issued shares of the Company as at 31 December 2015, i.e. 684,134,043 shares of the Company.

2. Being interest in ordinary shares of the Company ("**Shares**") 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 38,107,800 Shares 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	28,391,028 (Note 3)	4.15%
Zhang Peiao	Beneficial owner	6,478,512 (Note 4)	0.95%

Notes:

3. These are (i) 5,716,357 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$1.4 per Share; and (ii) 22,674,671 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$2.11 per Share, and such options are approved by the Shareholders at the extraordinary general meeting of the Company held on 24 August 2015.

4. These are (i) 3,810,904 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$1.4 per Share.; and (ii) 2,667,608 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$2.11 per Share.

Save as disclosed above, as at 31 December 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 Rule 5.48 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST

As at 31 December 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 Part XV of the SFO:

Name of Shareholder	Capacity	Number of ordinary shares	Approximate Percentage (Note 1)
Turbo Pointer (Note 2)	Beneficial owner	38,107,800	5.57%

Notes:

1. This is based on the total issued Shares as at 31 December 2015, i.e. 684,134,043 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.

Save as disclosed above, as at 31 December 2015, there were no Shareholders 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 2015.

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 under review 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 34% of the total sales for the year (including continuing and discontinued operations) under review and sales to the largest customer included therein amounted to approximately 10%. Purchases from the Group's five largest suppliers accounted for approximately 50% of the total purchases for the year (including continuing and discontinued operations) under review and purchase from the largest supplier included therein amounted to approximately 15%.

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 under review 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 under review.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year under review.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year under review. The Company has taken out and maintained directors' liability insurance during the year under review, which provide appropriate cover for the directors of the Group.

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 Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares of the Company on a pro-rata basis to existing Shareholders.

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

23 March 2016

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. The Company has complied with the Code Provisions throughout the year ended 31 December 2015.

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, the Directors have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the year ended 31 December 2015.

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, Ms. Lin Ting and Mr. Wong Ching Yip. Ms. Wu Qimin was appointed as an independent Director with effect on 24 August 2015, and resigned as an independent non-executive Director with effect on 7 December 2015. Mr. Luk Chi Shing resigned as an independent Director with effect on 31 August 2015. Ms. Lin Ting was appointed as an independent non-executive Director with effect from 7 December 2015. 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 18 to 19. 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 Bye-Laws from time to time. The Company has arranged appropriate insurance cover for the Directors. As at the date of this report, none of the Directors have any relationship (including financial, business, family or other material/relevant relationship with each other) and this is true in particular between Mr. Zhang Xiongfeng, the Chairman, and Mr. Zhang Peiao, the Chief Executive Officer.

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.

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 69 Board meetings during the year ended 31 December 2015. The Directors attended the meetings in persons or through other means of electronic communication in accordance with the Bye-Laws. 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 52 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, Ms. Lin Ting and Mr. Wong Ching Yip had confirmed that they have complied with Code Provision A.6.5 during the year ended 31 December 2015 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 under review and as at the date of this report, Mr. Zhang Xiongfeng is the Chairman and Mr. Zhang Peiao is the Chief Executive Officer. The roles of the Chairman and Chief Executive Officer are served by different individuals to achieve a balance of authority and power, which is in compliance with the Code Provision A.2.1.during the year. The Chairman provides leadership, management of the Board and strategic planning of the Group 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/her 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.

Mr. Wong Siu Keung, Joe and Mr. Wong Ching Yip has been appointed for a term of 12 months commencing from 1 January 2015 and reappointed for a term of 12 months commencing from 1 January 2016. Ms. Lin Ting has been appointed for a term commencing from 7 December 2015 to 31 December 2016.

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 under review, 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. From 1 January 2015 to 23 August 2015, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. From 24 August 2015 to 30 August 2015, the Audit Committee comprised four independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip, Mr. Luk Chi Shing and Ms. Wu Qimin. From 31 August 2015 to 6 December 2015, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Ms. Wu Qimin and Mr. Wong Ching Yip. From 7 December 2015 to 31 December 2015 and as at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Ms. Lin Ting and Mr. Wong Ching Yip. Mr. Wong Siu Keung, Joe has been the chairman of the Audit Committee during the year under review and as at the date of this report. 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 2015, the Audit Committee held six 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. From 1 January 2015 to 23 August 2015, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. From 24 August 2015 to 30 August 2015, the Remuneration Committee comprised four independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip, Mr. Luk Chi Shing and Ms. Wu Qimin. From 31 August 2015 to 6 December 2015, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Ms. Wu Qimin and Mr. Wong Ching Yip. From 7 December 2015 to 31 December 2015 and as at the date of this report, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Ms. Lin Ting and Mr. Wong Ching Yip. Mr. Wong Siu Keung, Joe has been the chairman of the Remuneration Committee during the year under review and as at the date of this report. 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 2015, 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 reviewed the policy for the remuneration of executive Directors, assessed the performance of the executive Directors and had reviewed and approved the appointment letter of the Directors and the terms thereof as well as the remuneration and the discretionary bonus of the Directors, including the grant of share options, during the year under review. 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. From 1 January 2015 to 23 August 2015, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. From 24 August 2015 to 30 August 2015, the Nomination Committee comprised four independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip, Mr. Luk Chi Shing and Ms. Wu Qimin. From 31 August 2015 to 6 December 2015, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Ms. Wu Qimin and Mr. Wong Ching Yip. From 7 December 2015 to 31 December 2015 and as at the date of this report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Ms. Lin Ting and Mr. Wong Ching Yip. Mr. Wong Siu Keung, Joe has been the chairman of the Nomination Committee during the year under review and as at the date of this report. 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 2015, 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 2015 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	69	6	5	3	6
Executive Directors					
Mr. Zhang Xiongfeng	69/69	0/0	0/0	0/0	1/6
Mr. Zhang Peiao	69/69	0/0	0/0	0/0	0/6
Mr. Hung Kenneth	69/69	0/0	0/0	0/0	5/6
Independent non-executive Directors					
Mr. Wong Siu Keung, Joe *(Committee Chairman)*	69/69	6/6	5/5	3/3	5/6
Ms. Lin Ting (appointed on 7 December 2015)	8/8	2/2	1/1	0/0	0/0
Mr. Wong Ching Yip	69/69	6/6	5/5	3/3	5/6
Mr. Luk Chi Shing (resigned with effect from 31 August 2015)	27/38	3/3	3/3	2/2	5/5
Ms. Wu Qimin (appointed on 24 August 2015 and resigned with effect from 7 December 2015)	18/23	1/1	0/1	0/1	0/1

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, the fees paid/payable to the Group's external auditor, PKF, for the audit and non-audit services provided amounted to approximately HK$473,000 and HK$207,000 respectively. The amount of fee paid/payable to other audit firms for providing audit and non-audit services for the year ended 31 December 2015 amounted to approximately HK$713,000 and HK$380,000 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 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 2015, as a result of change of domicile of the Company, a new memorandum of continuance and Bye-Laws have been adopted by the Company with effect from 30 November 2015 (Bermuda Time) (or 1 December 2015 (Hong Kong time).

SHAREHOLDERS' RIGHT

Procedures for Shareholders to convene a general meeting

Pursuant to Bye-Law 58 of the Bye-Laws, 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 a special 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 accordance with provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

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 Bye-Law 85 of the Bye-Laws, there are no other provisions allowing the Shareholders of the Company to put forward proposals at the general meeting of the Company under the Bye-Laws or under the laws of Bermuda. Shareholders may follow the procedures set out above to convene a special 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 a special general meeting of the Company may also be put to the Company Secretary by the same means.

大信梁學濂(香港)會計師事務所

PKF
Accountants &
business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

TO THE SHAREHOLDERS OF INTERACTIVE ENTERTAINMENT CHINA CULTURAL TECHNOLOGY INVESTMENTS LIMITED
(FORMERLY KNOWN AS CHINA MOBILE GAMES AND CULTURAL INVESTMENT LIMITED)
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Interactive Entertainment China Cultural Technology Investments Limited (formerly known as China Mobile Games and Cultural Investment Limited) (the "**Company**") and its subsidiaries (collectively known as the "**Group**") set out on pages 58 to 155, which comprise the consolidated statement of financial position as at 31 December 2015, 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 financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants
Hong Kong

23 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing operations			
Revenue	4	**257,853**	191,317
Cost of inventories sold/services		**(70,152)**	(29,169)
Other gains and losses	4	**42,480**	(673)
Other revenue and income	4	**1,456**	1,392
Employee benefits expenses		**(118,414)**	(100,677)
Depreciation	12	**(19,840)**	(23,430)
Other operating expenses		**(74,459)**	(51,212)
Gain on disposals of subsidiaries		**–**	1,131
Gain on a bargain purchase of subsidiaries	34(d)	**32,783**	–
Impairment loss on available-for-sale investments		**(20,248)**	(23,120)
Share of results of associates	14	**32,556**	8,050
Finance costs		**(8,704)**	(1,549)
Profit/(loss) before income tax	5	**55,311**	(27,940)
Income tax (expense)/credit	6	**(423)**	1,505
		54,888	(26,435)
Discontinued operation			
Profit for the year from a discontinued operation	7	**27,075**	1,855
Profit/(loss) for the year		**81,963**	(24,580)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:–			
Exchange differences arising on translation of:			
– Financial statements of overseas subsidiaries		**(2,547)**	(5)
– Financial statements of overseas associates		**(1,920)**	(147)
Reclassification of translation reserve upon disposal of a subsidiary		**12**	(5)
Fair value loss on available-for-sale investments		**(4,066)**	(23,120)
Impairment loss of available-for-sale investments		**20,248**	23,120
Other comprehensive income/(loss) for the year		**11,727**	(157)
Total comprehensive income/(loss) for the year		**93,690**	(24,737)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 *HK$'000*	2014 *HK$'000*
Profit/(loss) for the year attributable to:–			
Shareholders of the Company		**63,951**	(26,189)
Non-controlling interests		**18,012**	1,609
		81,963	(24,580)
Total comprehensive income/(loss) for the year attributable to:–			
Shareholders of the Company		**77,107**	(26,345)
Non-controlling interests		**16,583**	1,608
		93,690	(24,737)
Earnings/(loss) per share			
Basic *(HK$)*			
– For profit/(loss) for the year	9	**0.16**	(0.14)
– For profit/(loss) from continuing operations	9	**0.12**	(0.15)
Diluted *(HK$)*			
– For profit/(loss) for the year	9	**0.16**	(0.14)
– For profit/(loss) from continuing operations	9	**0.12**	(0.15)

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**104,597**	23,453
Goodwill	13	**29,167**	–
Investments in associates	14	**301,192**	229,233
Available-for-sale investments	15	**102,858**	19,135
Deposits paid for acquisition of investment properties		**23,455**	–
Deferred tax assets	25	**3,042**	2,887
		564,311	274,708
CURRENT ASSETS			
Inventories	16	**4,432**	1,961
Amounts due from contract customers	17	**13,855**	–
Debtors, deposits and prepayments	18	**198,756**	47,181
Financial assets at fair value through profit or loss	19	**327,503**	773
Income tax recoverable		**121**	5
Pledged time deposit	37	**13,000**	–
Cash and bank balances	20	**78,587**	53,527
		636,254	103,447
Assets of a disposal group classified as held for sale	7	**91,729**	–
		727,983	103,447
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	21	**72,340**	30,892
Amounts due to non-controlling shareholders of subsidiaries	22	**17,617**	–
Short-term borrowings	23	**153,998**	15,000
Note payable	24	**149,396**	–
Income tax payable		**1,377**	572
		394,728	46,464
Liabilities of a disposal group classified as held for sale	7	**39,345**	–
		434,073	46,464
NET CURRENT ASSETS		**293,910**	56,983
TOTAL ASSETS LESS CURRENT LIABILITIES		**858,221**	331,691
NON-CURRENT LIABILITY			
Deferred tax liabilities	25	**4,217**	10
		4,217	10
NET ASSETS		**854,004**	331,681

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 *HK$'000*	2014 *HK$'000*
CAPITAL AND RESERVES			
Share capital	26(a)	**6,841**	24,961
Reserves		**812,849**	301,051
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**819,690**	326,012
NON-CONTROLLING INTERESTS		**34,314**	5,669
TOTAL EQUITY		**854,004**	331,681

Approved and authorised for issue by the board of directors of the Company (the "**Board**") on 23 March 2016 and signed on its behalf by:

Zhang Xiongfeng
Director

Zhang Peiao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to shareholders of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *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 1.1.2014	93,086	143,717	–	–	–	–	–	–	(74,892)	161,911	831	162,742
Shares issued – Note 26(a)	103,366	88,157	–	–	–	–	–	–	–	191,523	–	191,523
Share issuing expenses	–	(5,858)	–	–	–	–	–	–	–	(5,858)	–	(5,858)
Capital reduction – Note 26(a)(v)	(171,491)	–	–	81,470	–	–	–	–	90,021	–	–	–
Dividend declared to non-controlling shareholders – Note 40	–	–	–	–	–	–	–	–	–	–	(120)	(120)
Acquisition of subsidiaries – Note 34	–	–	–	–	–	–	–	–	–	–	588	588
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	4	4
Disposal of subsidiaries – Note 35	–	–	–	–	–	–	–	–	–	–	(5)	(5)
Change in ownership interest in a subsidiary that do not result in a loss of control – Note 36	–	–	–	–	–	–	(63)	–	–	(63)	2,763	2,700
Share-based payments – Note 33	–	–	–	–	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 and 1.1.2015	24,961	226,016	–	81,470	4,844	(156)	(63)	–	(11,060)	326,012	5,669	331,681
Shares issued – Note 26(a)	**43,452**	**377,651**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**421,103**	**–**	**421,103**
Share issuing expenses	**–**	**(15,978)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15,978)**	**–**	**(15,978)**
Capital reduction and transfer to contributed surplus – Note 26(a)(xii)	**(61,572)**	**(587,689)**	**701,518**	**(81,470)**	**–**	**–**	**–**	**–**	**29,213**	**–**	**–**	**–**
Dividend declared to non-controlling shareholders – Note 40	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,620)**	**(1,620)**
Acquisition of subsidiaries – Note 34	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**241**	**241**
Capital contribution from non-controlling shareholders of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**486**	**486**
Disposal of a subsidiary – Note 35	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**114**	**114**
Change in ownership interest in a subsidiary that do not result in a loss of control – Note 36	**–**	**–**	**–**	**–**	**–**	**–**	**(1,110)**	**–**	**–**	**(1,110)**	**12,841**	**11,731**
Share-based payments – Note 33	**–**	**–**	**–**	**–**	**12,556**	**–**	**–**	**–**	**–**	**12,556**	**–**	**12,556**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(3,026)**	**–**	**16,182**	**63,951**	**77,107**	**16,583**	**93,690**
At 31.12.2015	**6,841**	**–**	**701,518**	**–**	**17,400**	**(3,182)**	**(1,173)**	**16,182**	**82,104**	**819,690**	**34,314**	**854,004**

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 *HK$'000*	2014 *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	**81,963**	(24,580)
Income tax expense/(credit) from continuing operations	**423**	(1,505)
Income tax expense from a discontinued operation	**8,949**	618
	91,335	(25,467)
Adjustments for:–		
Interest income	**(80)**	(175)
Finance costs	**8,930**	1,549
Depreciation	**20,078**	23,431
Share of results of associates	**(32,172)**	(8,050)
Unrealised (gain)/loss on financial assets at fair value through profit or loss	**(55,911)**	225
Impairment loss on available-for-sale investments	**20,248**	23,120
Impairment loss on an associate	**3,469**	4,309
Loss on disposal/written off of property, plant and equipment	**71**	847
Gain on disposals of subsidiaries	**(603)**	(1,131)
Gain on a bargain purchase of subsidiaries	**(32,783)**	–
Share-based payments	**12,556**	4,844
Operating cash flows before working capital changes	**35,138**	23,502
Decrease in inventories	**454**	316
Decrease in amounts due from contract customers	**1,665**	–
(Increase)/decrease in debtors, deposits and prepayments	**(127,743)**	342
Increase in creditors, accruals and other payables	**41,131**	10,348
Increase in financial assets at fair value through profit or loss	**(270,819)**	(998)
Cash (used in)/generated from operations	**(320,174)**	33,510
Income tax		
Hong Kong Profits Tax paid	**(73)**	(88)
Hong Kong Profits Tax refund	**184**	–
Overseas tax paid	**(6,884)**	(196)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(326,947)**	33,226

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (outflow)/inflow arising on acquisitions of subsidiaries	34	**(137,527)**	1,913
Purchase of available-for-sale investments		**(87,789)**	(42,255)
Investments in associates		**(58,820)**	(224,598)
Payments to acquire property, plant and equipment		**(13,515)**	(12,324)
Deposits paid for acquisition of investment properties		**(23,455)**	–
Net cash inflow arising on disposals of subsidiaries	35	**7,869**	50,390
Dividend received from an associate		**6,000**	520
Interest received		**80**	175
Proceeds from non-controlling shareholder arising from deemed disposal	36(b)	**–**	2,700
NET CASH USED IN INVESTING ACTIVITIES		**(307,157)**	(223,479)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		**421,103**	191,523
New borrowings raised		**252,998**	39,000
Net proceed from issue of loan note		**145,500**	–
Advances from non-controlling shareholders of subsidiaries		**7,350**	–
Capital contribution from non-controlling shareholders of a subsidiary		**486**	4
Repayment of borrowings		**(117,527)**	(24,000)
Share issuing expenses		**(15,978)**	(5,858)
Interest paid		**(5,034)**	(1,549)
Dividend paid to non-controlling shareholders		**(1,620)**	(120)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**687,278**	199,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**53,174**	8,747
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**53,527**	44,785
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(2)**	(5)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**106,699**	53,527
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Pledged time deposit		**13,000**	–
Cash and bank balances		**78,587**	53,527
Cash and bank balances included in assets of a disposal group classified as held for sale	7	**15,112**	–
		106,699	53,527

1. GENERAL INFORMATION

Interactive Entertainment China Cultural Technology Investments Limited (formerly known as China Mobile Games and Cultural Investment Limited) (the "**Company**") was a limited liability Company incorporated in the Cayman Islands on 29 March 2000. On 1 December 2015 (Hong Kong time), the domicile of the Company was changed from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The implementation of the change of domicile will not affect the continuity of the Company and its listing status. With effect from the change of domicile, the registered office of the Company has been changed from Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands to Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company and its subsidiaries (collectively the "**Group**") are principally engaged in five business segments, namely (i) mobile internet cultural business and provision of IT services; (ii) provision of medical diagnostic and health check services; (iii) provision of hospitality and related services in Australia; (iv) money lending business; and (v) assets investments business. The Group's provision of integral marketing services was regarded as a discontinued operation (Note 7).

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**").

2. BASIS OF PREPARATION (CONT'D)

(b) Initial application of Hong Kong Financial Reporting Standards

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual improvements (2010 – 2012)	Amendments to HKFRS 8, HKAS 16, HKAS 24 and HKAS 38
Annual improvements (2011 – 2013)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40

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.

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

The following Hong Kong Financial Reporting Standards in issue at 31 December 2015 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 2015:–

HKFRS 9 (2014)	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKAS 1	Disclosure Initiative
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 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 HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements (2012-2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19

2. BASIS OF PREPARATION (CONT'D)

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

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 HKFRS 15 and HKFRS 9 (2014) in its annual consolidated financial statements beginning on 1 January 2018. 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 2015 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 32.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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.

(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(s)). 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 Note 3(h)). 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Associates (Cont'd)

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.

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(h)).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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(h)).

(f) 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(h)):–

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

– other items of plant and equipment.

Freehold land is stated at cost and not depreciated.

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.

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 8 years
Plant, machinery and equipment	– 3 to 10 years
Furniture and fixtures	– 4 to 10 years
Leasehold improvements	– the shorter of remaining lease term and useful life
Motor vehicles	– 5 to 6 years
Buildings	– 40 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment (Cont'd)

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

(g) 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.

(h) 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;
- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of assets (Cont'd)

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

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(h)(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(h)(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)

(h) 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)

(h) 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.

(i) Inventories

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

(j) 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(h)), 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.

(k) 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)

(l) 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.

(m) 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.

(n) 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.

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "**PRC**") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiaries in Australia are entitled to benefits from the employee's selected defined contribution superannuation plan on retirement, disability or death. These subsidiaries are responsible for making contributions to the plan at a certain percentage of employees' wages or salaries. The subsidiaries' legal or constructive obligation is limited to these contributions, which are recognised as an expense as they become payable.

(o) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income tax (Cont'd)

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.

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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income tax (Cont'd)

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 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 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.

(p) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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) Income from rendering of professional IT contract services, on the percentage of completion basis, as further explained in the accounting policy for "Contract for services" below.

(iv) Dividend income is recognised at the time when the shareholders' right to receive the dividend have been established.

(v) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(vi) Interest income

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

(r) Contract for services

Contract revenue on the rendering of services comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments arising from professional IT contract services. Contract costs incurred comprise equipment and material costs, subcontracting costs, direct labour and an appropriate proportion of variable and fixed overheads.

Revenue from the rendering of services is recognised on the percentage of completion method, measured by reference to the proportion of work completed to date to the estimated total work of the relevant contract. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) A disposal group classified as held for sale and discontinued operation

(i) Non-current assets 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.

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)

(s) A disposal group classified as held for sale and discontinued operation (Cont'd)

(ii) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see 3(s)(i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:–

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(t) 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.

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 internet cultural business and provision of IT services; (ii) provision of medical diagnostic and health check services; (iii) provision of hospitality and related services in Australia; (iv) money lending business; and (v) assets investments business; The Group's provision of integral marketing services was regarded as a discontinued operation.

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

	2015 ***HK$'000***	2014 *HK$'000*
Revenue		
Income from mobile internet cultural business and provision of IT services	**50,685**	3,137
Income from provision of medical diagnostic and health check services	**202,990**	188,049
Income from provision of hospitality and related services in Australia	**2,688**	–
Loans interest and related income	**1,384**	131
Dividends from listed equity investments	**106**	–
Total	**257,853**	191,317
Other revenue		
Interest income	**13**	162
	257,866	191,479

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

(a) Revenue (Cont'd)

During the year ended 31 December 2015, there is one (2014: Nil) customer with whom transactions have exceeded 10% of the Group's revenue from continuing operations amounting to approximately HK$41,094,000 arose in the PRC.

(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 internet cultural business and provision of IT services;

– Provision of medical diagnostic and health check services;

– Provision of hospitality and related services in Australia;

– Money lending business; and

– Assets investments business.

The Group's provision of integral marketing services was regarded as a discontinued operation (Note 7).

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 2015 and 2014 is set out below:–

(i) Segment results from continuing operations

2015	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Total for continuing operations *HK$'000*
REVENUE						
External customers	50,685	202,990	2,688	1,384	106	257,853
RESULTS						
Segment profit/(loss)	15,105	15,313	(133)	(6)	22,452	52,731
Unallocated head office and corporate income and expenses						(21,512)
Interest income						13
Gain on a bargain purchase of subsidiaries						32,783
Finance costs						(8,704)
Profit before income tax						55,311

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

(b) Segment reporting (Cont'd)

(i) Segment results from continuing operations (Cont'd)

2015	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Unallocated *HK$'000*	Total for continuing operations *HK$'000*
Amounts included in the measure of segment results from continuing operations:							
Depreciation	(356)	(19,176)	(165)	(19)	(25)	(99)	(19,840)
Share of results of associates	29,237	(20)	–	–	3,339	–	32,556
Gain on disposals of subsidiaries	–	–	–	–	–	–	–
Unrealised gain on financial assets at fair value through profit or loss	–	–	–	–	55,911	–	55,911
Realised loss on financial assets at fair value through profit or loss	–	–	–	–	(5,090)	–	(5,090)
Impairment loss on available-for-sale investments	–	–	–	–	(20,248)	–	(20,248)

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

(b) Segment reporting (Cont'd)

(i) Segment results from continuing operations (Cont'd)

2014	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Total for continuing operations *HK$'000*
REVENUE						
External customers	3,137	188,049	–	131	–	191,317
RESULTS						
Segment profit/(loss)	4,356	7,429	–	(154)	(21,371)	(9,740)
Unallocated head office and corporate income and expenses						(16,813)
Interest income						162
Finance costs						(1,549)
Loss before income tax						(27,940)

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

(b) Segment reporting (Cont'd)

(i) Segment results from continuing operations (Cont'd)

2014	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Unallocated *HK$'000*	Total for continuing operations *HK$'000*
Amounts included in the measure of segment results from continuing operations:							
Depreciation	(117)	(23,155)	–	(43)	–	(115)	(23,430)
Share of results of associates	5,586	365	–	–	2,099	–	8,050
Gain on disposals of subsidiaries	973	–	–	60	–	98	1,131
Unrealised loss on financial assets at fair value through profit or loss	–	–	–	–	(225)	–	(225)
Realised loss on financial assets at fair value through profit or loss	–	–	–	–	(93)	–	(93)
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

2015	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Reportable segments total *HK$'000*	Discontinued operation *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
ASSETS	426,054	94,410	106,528	49,990	475,557	1,152,539	91,729	48,026	1,292,294
LIABILITIES	52,695	30,957	6,618	96	155,562	245,928	39,345	153,017	438,290

2015	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Reportable segments total *HK$'000*
Amounts included in the measure of segment assets:						
Investments in associates	**292,993**	**–**	**–**	**–**	**8,199**	**301,192**
Amounts regularly provided to the chief operating decision maker:						
Additions to property, plant and equipment	**993**	**11,070**	**279**	**386**	**300**	**13,028**
Additions to investments in associates	**52,178**	**–**	**–**	**–**	**–**	**52,178**

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

(b) Segment reporting (Cont'd)

(ii) Segment assets and liabilities (Cont'd)

2014	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Reportable segments total *HK$'000*	Discontinued operation *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
ASSETS	232,764	78,357	–	75	24,768	335,964	16,273	25,918	378,155
LIABILITIES	284	14,299	–	–	–	14,583	13,823	18,068	46,474

2014	Mobile internet cultural business and provision of IT services *HK$'000*	Provision of medical diagnostic and health check services *HK$'000*	Provision of hospitality and related services in Australia *HK$'000*	Money lending business *HK$'000*	Assets investments business *HK$'000*	Reportable segments total *HK$'000*
Amounts included in the measure of segment assets:						
Investments in associates	222,967	1,407	–	–	4,859	229,233
Amounts regularly provided to the chief operating decision maker:						
Additions to property, plant and equipment	258	11,510	–	62	–	11,830
Additions to investments in associates	221,837	–	–	–	2,761	224,598

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, the PRC and Australia. The following table sets out information about (i) the Group's revenue from external customers from continuing operations; and (ii) the geographical location of the Group's non-current assets (excluding available-for-sale investments, deferred tax assets and those relating to a discontinued operation) ("**Specified non-current assets**"), based the place of domicile of the relevant group entity.

	Revenue from external customers		**Specified non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**205,830**	191,317	**61,336**	29,687
The PRC	**49,335**	–	**296,587**	222,999
Australia	**2,688**	–	**100,488**	–
	257,853	191,317	**458,411**	252,686

(c) Other gains and losses

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
(Reversal of)/compensation income arising from profit guarantee realisation	**(4,801)**	4,801
Impairment loss on interest in an associate	**(3,469)**	(4,309)
Loss on disposal/written off of property, plant and equipment	**(71)**	(847)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	**55,911**	(225)
Realised loss on financial assets at fair value through profit or loss	**(5,090)**	(93)
	42,480	(673)

5. PROFIT/(LOSS) BEFORE INCOME TAX

	2015 *HK$'000*	2014 *HK$'000*
Continuing operations		
Profit/(loss) before income tax is arrived at after charging/(crediting):–		
Cost of inventories expensed	**30,603**	27,644
Auditors' remuneration		
– audit services	**1,186**	627
– other services	**587**	50
	1,773	677
Depreciation	**19,840**	23,430
Directors' remuneration – Note 11(a)	**12,050**	5,166
Staff costs, excluding directors' emoluments		
Other staff salaries and benefits*	**125,995**	90,750
Retirement scheme contributions*	**6,436**	2,372
Share based payments	**5,028**	2,389
	137,459	95,511
Net exchange loss	**54**	3
Finance costs		
– Interest on short-term borrowings wholly repayable within five years	**4,808**	1,549
– Effective interest expense on note payable	**3,896**	–
	8,704	1,549
Minimum lease payments paid under operating leases	**16,818**	13,032
Rental income from investment properties less direct outgoings of HK$18,000	**–**	(707)

* Amounts included technical staff salaries and benefits of approximately HK$27,572,000 (2014: Nil) and corresponding retirement scheme contributions of approximately HK$3,523,000 (2014: Nil) which were included in cost of services.

6. INCOME TAX EXPENSE/(CREDIT)

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

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Provision for Hong Kong Profits Tax		
Current year	**786**	181
Over-provision in respect of previous year	**(160)**	(10)
	626	171
Deferred taxation – Note 25		
Current year	**(203)**	(1,676)
	423	(1,505)
Discontinued operation		
Provision for PRC Enterprise Income Tax		
Current year	**8,949**	618
Income tax expense/(credit)	**9,372**	(887)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the net estimated assessable profits for the year. The Group's subsidiaries operating in the PRC and Australia are subject to the tax rates at 15% or 25% and 30% respectively.

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

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

	Continuing operations		Discontinued operation		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	***HK$'000***	HK$'000	***HK$'000***	*HK$'000*
Profit/(loss) before income tax	**55,311**	(27,940)	**36,024**	2,473	**91,335**	(25,467)
Notional tax on profit/(loss) before income tax, calculated at rates applicable to profits in the countries concerned	**8,138**	(4,762)	**9,024**	618	**17,162**	(4,144)
Tax effect of income that is not taxable	**(15,195)**	(1,006)	**(214)**	–	**(15,409)**	(1,006)
Tax effect of expenses that are not deductible	**7,645**	2,696	**74**	–	**7,719**	2,696
Tax effect of unrecognised decelerated/ (accelerated) depreciation allowances	**1,277**	(196)	**–**	–	**1,277**	(196)
Tax effect of tax losses not recognised	**8,371**	7,192	**2**	–	**8,373**	7,192
Tax effect of share of results of associates	**(5,372)**	(1,328)	**63**	–	**(5,309)**	(1,328)
Tax effect of utilisation of tax losses previously not recognised	**(4,223)**	(4,091)	**–**	–	**(4,223)**	(4,091)
Over-provision in respect of previous year	**(160)**	(10)	**–**	–	**(160)**	(10)
Others	**(58)**	–	**–**	–	**(58)**	–
Income tax expense/(credit)	**423**	(1,505)	**8,949**	618	**9,372**	(887)

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

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

	2015 HK$'000	2014 HK$'000
Deductible temporary difference – Note 6(b)(i)		
Unutilised tax losses	**260,581**	232,229
Decelerated depreciation allowances	**9,064**	–
	269,645	232,229
Taxable temporary difference – Note 6(b)(ii)		
Accelerated depreciation allowances	**(543)**	(1,268)
Net deductible temporary differences	**269,102**	230,961

(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$255,971,000 (2014: HK$230,445,000) can be carried forward indefinitely and HK$4,610,000 (2014: HK$1,784,000) 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. DISCONTINUED OPERATION

On 7 December 2015, the Group and LEO Group Co., Ltd. ("**LEO**") entered into a sale and purchase agreement ("**SP Agreement**"), pursuant to which LEO agreed to acquire and the Group agreed to sell its 51.46% equity interest of Shanghai Zhiqu Advertisement Co., Ltd. ("**Zhiqu**") at a total consideration of RMB237,010,000 (equivalent to approximately HK$286,782,000) ("**Zhiqu Disposal**"). Upon completion of the Zhiqu Disposal, Zhiqu will cease to be a subsidiary of the Group. The SP Agreement and the transaction contemplated thereunder were approved at the extraordinary general meeting of the Company held on 29 February 2016. Details of the Zhiqu Disposal are set out in the Company's announcement dated 8 December 2015 and the Company's circular dated 11 February 2016.

Following disposal of the entire equity interest of the Group in Cannes Films Cultural Investment Limited ("**Cannes Films**") (see Note 35(a)), details of which are set out in the announcement of the Company dated 21 December 2015 and, subject to completion of the Zhiqu Disposal, the Group will no longer to continue to carry on business in provision of integral marketing services.

7. DISCONTINUED OPERATION (CONT'D)

The results from a discontinued operation for the year are as follows:–

	2015 *HK$'000*	2014 *HK$'000*
Revenue	376,158	45,653
Cost of services	(330,864)	(42,321)
Other revenue and income	1,477	109
Depreciation	(238)	(1)
Employee benefits expenses	(7,374)	(699)
Other operating expenses	(3,128)	(268)
Share of results of an associate	(384)	–
Finance costs	(226)	–
Profit before income tax	35,421	2,473
Income tax expense	(8,949)	(618)
	26,472	1,855
Gain on disposal of an operation - Note	603	–
Profit for the year from a discontinued operation	27,075	1,855
Profit for the year from a discontinued operation attributable to :-		
Shareholders of the Company	13,915	946
Non-controlling interests	13,160	909
	27,075	1,855

Note:–

The amount represented the gain on disposal of the entire equity interest of the Group in Cannes Films (Note 35(a)) including release of translation reserve of approximately HK$12,000 from equity to profit or loss on disposal.

7. DISCONTINUED OPERATION (CONT'D)

The net cash flows incurred by a discontinued operation for the year are as follows:–

	2015	2014
	HK$'000	*HK$'000*
Cash flows from a discontinued operation		
Net cash (used in)/generated from operating activities	**(18,332)**	8,882
Net cash generated from investing activities	**528**	2,109
Net cash used in financing activities	**(314)**	–
Net cash (outflow)/inflow	**(18,118)**	10,991

The assets and liabilities of a discontinued operation classified as held for sale as at 31 December 2015 are as follows:–

	2015	2014
	HK$'000	*HK$'000*
Property, plant and equipment – Note 12	**91**	–
Debtors and deposits	**76,526**	–
Cash and bank balances	**15,112**	–
Assets of a disposal group classified as held for sale	**91,729**	–
Creditors, accruals and other payables	**36,709**	–
Income tax payable	**2,636**	–
Liabilities of a disposal group classified as held for sale	**39,345**	–

8. DIVIDENDS

No dividend was paid during the year ended 31 December 2015 (2014: Nil).

The Board proposed a 2015 final dividend (2014: Nil) by way of bonus issue of shares on the basis of two new shares of the Company ("**Bonus Shares**") for every ten existing shares of the Company held by the shareholders of the Company whose names appear on the register of members of the Company on Monday, 16 May 2016. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount standing to the credit of the contributed surplus account of the Company.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share for the year is based on the following data:–

	2015 HK$'000	2014 HK$'000
From continuing and discontinued operations		
Earnings/(loss) :		
Profit/(loss) for the year attributable to shareholders of the Company	63,951	(26,189)

	2015	2014 (Restated) (Note 9(a))
Number of shares :		
Weighted average number of ordinary shares in issue for the purpose of calculation of basic earnings/(loss) per share	406,763,906	183,280,524
Effect of diluted potential ordinary shares as a result of the share options granted (Note 9(b))	–	–
Weighted average number of ordinary shares in issue for the purpose of calculation of diluted earnings/(loss) per share	406,763,906	183,280,524

Notes :-

(a) The weighted average number of ordinary shares in issue for the year ended 31 December 2014 for the purpose of calculation of basic and diluted loss per share has been adjusted and restated upon share consolidation becoming effective on 22 December 2015.

(b) The computation of diluted earnings/(loss) per share for both years does not assume the conversion of the Company's outstanding share options because the adjusted exercise price of those share options are higher than the average market price of the shares for the year ended 31 December 2015 while the exercise of those share options would result a reduction in loss per share for the year ended 31 December 2014, which are both regarded as anti-dilutive.

	2015 HK$'000	2014 HK$'000
From continuing operations		
Earnings/(loss):		
Profit/(loss) for the year attributable to shareholders of the Company	63,951	(26,189)
Less: Profit for the year from a discontinued operation attributable to shareholders of the Company	(13,915)	(946)
Profit/(loss) for the year from continuing operations for the purpose of calculation of basic and diluted earnings/(loss) per share	50,036	(27,135)

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

9. EARNINGS/(LOSS) PER SHARE (CONT'D)

	2015 *HK$'000*	2014 *HK$'000*
From a discontinued operation		
Earnings:		
Profit for the year from a discontinued operation attributable to shareholders of the Company	**13,915**	946

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

	2015	2014
From a discontinued operation		
Earnings per share:		
– Basic (HK$)	**0.03**	0.01
– Diluted (HK$)	**0.03**	0.01

10. 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.

All employees of the entity in Australia are entitled to benefits from the employee's selected defined contribution superannuation plan on retirement, disability or death. The entity is responsible for making contributions to the plan at the current statutory rate of 9.5% of employees' wages or salaries. The entity's legal or constructive obligation is limited to these contributions, which are recognised as an expense as they become payable.

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

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

	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*
2015							
Executive directors:–							
Zhang Xiongfeng		**126**	**574**	**1,800**	**18**	**4,535**	**7,053**
Zhang Peiao		**63**	**1,317**	**230**	**–**	**2,993**	**4,603**
Hung Kenneth		**63**	**63**	**10**	**4**	**–**	**140**
		252	**1,954**	**2,040**	**22**	**7,528**	**11,796**
Independent non-executive directors:–							
Wong Siu Keung, Joe		**126**	**–**	**–**	**–**	**–**	**126**
Wong Ching Yip		**63**	**–**	**–**	**–**	**–**	**63**
Lin Ting	iii	**5**	**–**	**–**	**–**	**–**	**5**
Luk Chi Shing	iv	**42**	**–**	**–**	**–**	**–**	**42**
Wu Qimin	v	**18**	**–**	**–**	**–**	**–**	**18**
		254	**–**	**–**	**–**	**–**	**254**
		506	**1,954**	**2,040**	**22**	**7,528**	**12,050**
2014							
Executive directors:–							
Zhang Xiongfeng		120	120	20	7	1,473	1,740
Zhang Peiao	vi	111	1,107	101	–	982	2,301
Hung Kenneth	vii	104	520	37	15	–	676
Mak Kwong Yiu	viii	39	–	–	–	–	39
Kwok Shum Tim	ix	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

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

(a) Directors' emoluments (Cont'd)

(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 7 December 2015

(iv) Resigned with effect from 31 August 2015

(v) Appointed on 24 August 2015 and resigned with effect from 7 December 2015

(vi) Appointed on 30 January 2014

(vii) Appointed on 18 February 2014

(viii) Resigned with effect from 28 April 2014

(ix) Appointed on 18 January 2013 and resigned with effect from 30 January 2014

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.

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

(b) Five highest paid individuals

Among the five highest paid individuals, two of them (2014: none of them) are directors of the Company.

The emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) and designated band of the three (2014: five) highest paid, non-director individuals during the year are as follows:–

	2015 ***HK$'000***	2014 *HK$'000*
Salaries and allowances	**13,004**	21,649
Retirement scheme contributions	**52**	84
	13,056	21,733

The emoluments of the three (2014: five) individuals with the highest emoluments are within the following bands:–

	2015 ***Numbers of individuals***	2014 *Numbers of individuals*
HK$		
Nil – 1,000,000	**–**	–
1,000,001 – 1,500,000	**–**	–
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	**3**	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.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'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 1.1.2014	–	–	9,361	28,800	5,190	509	563	44,423
Additions arising from acquisition of subsidiaries – Note 34(e)	–	–	–	–	260	–	–	260
Additions	–	–	520	10,762	942	100	–	12,324
Disposals of subsidiaries	–	–	(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	–	–	(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
Cost:–								
At 1.1.2015	**–**	**–**	**9,600**	**38,093**	**6,016**	**607**	**263**	**54,579**
Additions arising from acquisition of subsidiaries – Note 34	**7,670**	**65,199**	**1,442**	**10,935**	**2,166**	**132**	**287**	**87,831**
Additions	**–**	**160**	**2,078**	**9,362**	**1,381**	**45**	**489**	**13,515**
Disposals of subsidiaries	**–**	**–**	**(213)**	**–**	**(644)**	**(22)**	**(137)**	**(1,016)**
Disposals	**–**	**–**	**–**	**–**	**(31)**	**–**	**–**	**(31)**
Written off	**–**	**–**	**(77)**	**–**	**–**	**–**	**–**	**(77)**
Classified as held for sale – Note 7	**–**	**–**	**–**	**–**	**(112)**	**–**	**–**	**(112)**
Exchange realignment	**89**	**754**	**(44)**	**45**	**(121)**	**(5)**	**(3)**	**715**
At 31.12.2015	**7,759**	**66,113**	**12,786**	**58,435**	**8,655**	**757**	**899**	**155,404**
Accumulated depreciation:–								
At 1.1.2015	**–**	**–**	**6,445**	**21,243**	**2,953**	**307**	**178**	**31,126**
Charge for the year	**–**	**136**	**2,232**	**15,549**	**1,823**	**148**	**190**	**20,078**
Disposals of subsidiaries	**–**	**–**	**(128)**	**–**	**(60)**	**(6)**	**(23)**	**(217)**
Disposals	**–**	**–**	**–**	**–**	**(28)**	**–**	**–**	**(28)**
Written off	**–**	**–**	**(9)**	**–**	**–**	**–**	**–**	**(9)**
Classified as held for sale – Note 7	**–**	**–**	**–**	**–**	**(21)**	**–**	**–**	**(21)**
Exchange realignment	**–**	**2**	**(29)**	**–**	**(97)**	**2**	**–**	**(122)**
At 31.12.2015	**–**	**138**	**8,511**	**36,792**	**4,570**	**451**	**345**	**50,807**
Net book value:–								
At 31.12.2015	**7,759**	**65,975**	**4,275**	**21,643**	**4,085**	**306**	**554**	**104,597**

The freehold land is situated in Australia.

13. GOODWILL

	Note	HK$'000
Cost and carrying amount:–		
At 1 January 2015		–
Additional amounts recognised from business combinations – Note 34	(a)	36,880
Derecognised on disposal of a subsidiary – Note 35(a)		(7,713)
At 31 December 2015		29,167

Note:–

(a) Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:–

	HK$'000
Provision of medical diagnostic and health check services segment	6,416
Provision of hospitality and related services segment	22,751
Provision of integral marketing services segment	7,713
	36,880

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For provision of medical diagnostic and health check services segment, the recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. A discount factor at a rate 17.87% was applied in the value in use model. Cash flows beyond the five-year period are extrapolated using the growth rate with 2%.

For provision of hospitality and related services segment, the recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. A discount factor at a rate 13.5% was applied in the value in use model. Cash flows beyond the five-year period are extrapolated using the growth rate with 3%.

14. INVESTMENTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Cost of unlisted investments in associates	**276,776**	226,035
Share of post-acquisition profits and reserves, net of dividends received	**32,194**	7,507
	308,970	233,542
Less: Impairment loss	**(7,778)**	(4,309)
	301,192	229,233

14. INVESTMENTS IN ASSOCIATES (CONT'D)

Included in the cost of unlisted investments in associates at the end of the reporting period is goodwill arising on acquisition of HK$247,657,000 (2014: HK$200,167,000).

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	28.8% (2014: 24%)	28.8% (2014: 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
上海熱爪數碼科技有限公司 (Shanghai Rezhua Digital Technology Co. Ltd.)	Established	The PRC	20%	20%	Design and development of mobile-online games

Mighty Eight 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.

14. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	2015 *HK$'000*	2014 *HK$'000*
Gross amounts of the associate		
Current assets	**167,005**	129,865
Non-current assets	**56,597**	56,284
Current liabilities	**(37,406)**	(73,653)
Non-current liabilities	**(501)**	(1,041)
Total equity	**185,695**	111,455
Equity attributable to shareholders of Mighty Eight	**184,628**	111,455

	For the year ended 31.12.2015 *HK$'000*	For the period from 5.9.2014 to 31.12.2014 *HK$'000*
Revenue	**219,424**	47,903
Profit for the year/period	**95,035**	27,388
Other comprehensive loss for the year/period	**(6,603)**	(607)
Total comprehensive income for the year/period	**88,432**	26,781
Reconciled to the Group's interests in the associate		
Gross amounts of net assets attributable to shareholders of Mighty Eight	**184,628**	111,455
Group's effective interest	**28.8%**	24%
Group's share of net assets of the associate	**53,173**	26,749
Goodwill	**236,329**	192,518
Carrying amount of the Group's interest in Mighty Eight	**289,502**	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' results and other comprehensive loss are set out in the consolidated statement of profit or loss and other comprehensive income.

15. AVAILABLE-FOR-SALE INVESTMENTS

	2015 *HK$'000*	2014 *HK$'000*
Listed shares in Hong Kong, at fair value	**85,358**	19,135
Unlisted equity investments, at fair value	**17,500**	–
	102,858	19,135

Note:-

During the year ended 31 December 2015, the gross loss in respect of the Group's available-for–sale investments recognised in other comprehensive income amounted to HK$4,066,000 (2014: HK$23,120,000), of which HK$20,248,000 (2014: HK$23,120,000) was reclassified from other comprehensive income to the statement of profit or loss for the year.

16. INVENTORIES

	2015 *HK$'000*	2014 *HK$'000*
Finished goods	**4,432**	1,961

17. AMOUNTS DUE FROM CONTRACT CUSTOMERS

	2015 *HK$'000*	2014 *HK$'000*
Contract costs incurred plus recognised profits less recognised losses to date	**20,353**	–
Less: Progress billings	**(6,498)**	–
	13,855	–

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	Notes	2015 HK$'000	2014 HK$'000
Trade debtors		**126,543**	26,349
Less: Provision for impairment loss	(b)	**(45)**	(45)
	(a),(c)	**126,498**	26,304
Loans and loans interest receivables	(d)	**41,124**	–
Deposits		**13,944**	11,849
Other debtors and prepayments		**17,190**	9,028
		198,756	47,181

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 180 days. The aging analysis of trade debtors as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:–

	2015 HK$'000	2014 HK$'000
Within 1 month	**111,179**	11,542
1 to 2 months	**8,470**	7,176
2 to 3 months	**3,723**	3,715
Over 3 months	**3,126**	3,871
	126,498	26,304

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

Notes:– (Cont'd)

(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:–

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	**45**	45
Impairment loss on trade debtors	**–**	–
At 31 December	**45**	45

(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:–

	2015 *HK$'000*	2014 *HK$'000*
Neither past due nor impaired	**123,251**	22,433
Less than 1 month past due	**2,634**	1,965
1 to 3 months past due	**121**	1,603
Over 3 months past due	**492**	303
	3,247	3,871
	126,498	26,304

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.

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

Notes:– (Cont'd)

(d) The Group's loans and loans interest receivables, which arise from the money lending business are denominated in Hong Kong dollar.

Loans receivables are unsecured, interest bearing at 11% per annum and are repayable with fixed terms agreed with the Group's customers.

The ageing analysis of loans and loans interest receivables as at the end of the reporting period, based on contractual due date, is as follows:–

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**41,124**	–

At 31 December 2015, all loans and loans interest receivables were neither past due nor impaired. These related to a number of third party customers for whom there was no history of default. Based on past experience, the directors of the Company are of the opinion that no provision for impairment on individual loans and their respective interest receivables 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.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Listed shares in Hong Kong, at fair value	**327,503**	773

At 31 December 2015, the carrying amount of the Group's investment in the following company exceeded 10% of the total assets of the Group:

Name	Place of incorporation	Principal activity	Particulars of issued shares held	Interest held
Convoy Financial Holdings Limited	Cayman Islands	Investment holding	Ordinary share listed on the Main Board of the Stock Exchange	5.02%

20. CASH AND BANK BALANCES

At 31 December 2015, cash and bank balances of the Group denominated in Renminbi amounted to approximately HK$7,429,000 (2014: HK$11,354,000). Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

21. CREDITORS, ACCRUALS AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade creditors	**4,391**	7,387
Accruals and other payables	**63,525**	22,334
Deposits received	**4,021**	1,171
Deferred income	**403**	–
	72,340	30,892

The following is an aging analysis of trade creditors based on the invoice date of the Group as at the end of the reporting period:–

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**4,050**	6,916
Over 3 months	**341**	471
	4,391	7,387

22. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

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

23. SHORT-TERM BORROWINGS

The balance includes an amount of HK$129,000,000 (2014: HK$15,000,000) which is interest bearing at fixed interest of 9% (2014: 8%) per annum, unsecured and repayable within one year and an amount of approximately HK$24,998,000 (2014 : Nil) which is interest bearing at 8.25% per annum, secured by financial assets at fair value through profit or loss of approximately HK$98,011,000 and repayable on demand.

24. NOTE PAYABLE

On 13 October 2015, the Group issued an unsecured loan note which carrying interest at 9% per annum (the **"Loan Note"**) in an aggregate principal amount of HK$150,000,000, maturing on the first anniversary of the issue date of the Loan Note at the placing price equal to 100% of the principal amount of the Loan Note to an independent third party. The effective interest rate of the Loan Note is 12.37% per annum. The movement of the note payable during the year is set out below:–

	HK$'000
At 1.1.2015	–
Proceeds from issue, net of transaction cost incurred	145,500
Interest charge	3,896
At 31.12.2015	**149,396**

25. DEFERRED TAXATION

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

	2015 *HK$'000*	2014 *HK$'000*
Deferred tax assets	**3,042**	2,887
Deferred tax liabilities	**(4,217)**	(10)
	(1,175)	2,877

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

	Tax losses *HK$'000*	**(Accelerated)/ decelerated tax allowances** *HK$'000*	**Taxable temporary difference arising from amounts due from contract customers** *HK$'000*	**Total** *HK$'000*
At 1.1.2014	1,211	(10)	–	1,201
Credited to profit or loss – Note 6	–	1,676	–	1,676
At 31.12.2014 and 1.1.2015	1,211	1,666	–	2,877
Acquisition of subsidiaries	–	(676)	(3,564)	(4,240)
Credited/(Charged) to profit or loss – Note 6	283	(139)	59	203
Exchange realignment	4	(2)	(17)	(15)
At 31.12.2015	**1,498**	**849**	**(3,522)**	**(1,175)**

26. SHARE CAPITAL AND CAPITAL MANAGEMENT

(a) Share capital

	Notes	Number of shares	*HK$'000*
Authorised:–			
Ordinary shares of HK$0.10 each at 1.1.2014		1,000,000,000	100,000
Increase in authorised share capital on 14.1.2014	(i)	1,000,000,000	100,000
Shares sub-division on 11.7.2014	(v)	18,000,000,000	–
Ordinary shares of HK$0.01 each at 31.12.2014, 1.1.2015 and 31.12.2015		**20,000,000,000**	**200,000**
Issued and fully paid:–			
Ordinary shares of HK$0.10 each at 1.1.2014		930,857,620	93,086
Issue of shares through placing	(ii)	190,000,000	19,000
Rights issue	(iii)	560,428,810	56,043
Issue of shares	(iv)	224,166,000	22,416
Effect of capital reduction and shares sub-division	(v)	–	(171,491)
Issue of shares through placing	(vi)	209,592,000	2,096
Issue of shares	(vii)	381,078,000	3,811
Ordinary shares of HK$0.01 each at 31.12.2014 and 1.1.2015		2,496,122,430	24,961
Issue of shares through placing	(viii)	171,486,000	1,715
Issue of shares through placing	(ix)	533,520,000	5,335
Issue of shares through placing	(x)	2,500,002,000	25,000
Issue of shares through placing	(xi)	1,140,210,000	11,402
Capital reorganisation	(xii)	(6,157,206,387)	(61,572)
Ordinary shares of HK$0.01 each at 31.12.2015		**684,134,043**	**6,841**

26. SHARE CAPITAL AND CAPITAL MANAGEMENT (CONT'D)

(a) Share capital (Cont'd)

Notes:–

(i) 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$0.10 each to HK$200,000,000 divided into 2,000,000,000 ordinary shares of HK$0.10 each by the creation of an additional 1,000,000,000 shares.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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$0.10 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.

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

(vii) 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.

(viii) 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.

(ix) 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.

(x) On 21 August 2015, a total of 2,500,002,000 new shares of the Company were issued at a placing price of HK$0.1 each.

(xi) On 15 October 2015, a total of 1,140,210,000 new shares of the Company were issued at a placing price of HK$0.045 each.

(xii) The Company implemented the capital reorganisation ("**Capital Reorganisation**") after the change of domicile becoming effective which involves the following:–

(1) every ten issued and unissued existing shares of HK$0.01 each was consolidated into one share of HK$0.10 ("**Consolidated Share**") ("**Share Consolidation**") and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation was rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;

(2) the issued share capital of the Company was reduced through a cancellation of the paid-up capital of the Company to the extent of HK$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share was reduced from HK$0.10 to HK$0.01 ("**Capital Reduction**");

26. SHARE CAPITAL AND CAPITAL MANAGEMENT (CONT'D)

(a) Share capital (Cont'd)

Notes:– (Cont'd)

(xii) (Cont'd)

(3) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK$0.10 each was sub-divided into ten new shares of HK$0.01 each; and

(4) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (ii) the Capital Reduction was credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

(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 2015 and at 31 December 2014 were as follows:–

	2015 ***HK$'000***	2014 *HK$'000*
Total debt	**438,290**	46,474
Less: Cash and cash equivalents	**(106,699)**	(53,527)
Net debt	**331,591**	–
Total equity	**854,004**	331,681
Net debt-to-equity capital ratio	**38.83%**	N/A

27. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the company's individual components of equity between the beginning and the end of the year are set out below:–

The Company	Share premium *HK$'000*	Capital reduction reserve *HK$'000*	Contributed surplus *HK$'000*	Share options reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1.1.2014	143,717	–	–	–	(84,244)	59,473
Shares issued – Note 26(a)	88,157	–	–	–	–	88,157
Share issuing expenses	(5,858)	–	–	–	–	(5,858)
Capital reduction – Note 26(a)(v)	–	81,470	–	–	90,021	171,491
Share-based payments – Note 33	–	–	–	4,844	–	4,844
Total comprehensive loss for the year	–	–	–	–	(37,306)	(37,306)
At 31.12.2014 and 1.1.2015	226,016	81,470	–	4,844	(31,529)	280,801
Shares issued – Note 26(a)	377,651	–	–	–	–	377,651
Share issuing expenses	(15,978)	–	–	–	–	(15,978)
Capital reduction and transfer to contributed surplus – Note 26(a)(xii)	(587,689)	(81,470)	701,518	–	29,213	61,572
Share-based payments – Note 33	–	–	–	12,556	–	12,556
Total comprehensive loss for the year	–	–	–	–	(26,591)	(26,591)
At 31.12.2015	–	–	701,518	17,400	(28,907)	690,011

Notes:–

(a) Share premium

The share premium account of the Company includes premium arising from the new issue of shares in the current and prior years netted of share issue expenses. Under section 34 of the Companies Law (Revised) of the Cayman Islands, the share premium account is available for distribution to shareholders subject to the provisions of the Articles of Association of the Company which was in effect before the change of domicile as mentioned in Note 1 becoming effective.

Pursuant to a special resolution passed on 16 November 2015, the entire amount standing to the credit of the share premium account of the Company was cancelled and transferred to an account designated as the contributed surplus account of the Company.

(b) Capital reduction reserve

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

(c) Contributed surplus

Pursuant to a special resolution passed on 16 November 2015, the amount standing to the credit of the share premium account of the Company was cancelled and transferred to an account designated as the contributed surplus account, and such contributed surplus account shall be the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda upon the change of domicile as mentioned in Note 1 becoming effective. Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is, subject to compliance with the bye-laws of the Company and the laws of Bermuda, distributable to shareholders under certain circumstances.

27. RESERVES (CONT'D)

Notes:– (Cont'd)

(d) 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 33.

(e) Distributable reserves

At 31 December 2015, the aggregate amount of reserves available for distribution to shareholders of the Company was HK$672,611,000 (2014: HK$275,957,000).

28. CAPITAL COMMITMENTS

	2015 *HK$'000*	2014 *HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**112**	3,015
– acquisition of investment properties	**66,660**	–
– capital injection in an associate	**–**	2,521
	66,772	5,536

29. OPERATING LEASE COMMITMENTS

At 31 December 2015, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:–

	2015 *HK$'000*	2014 *HK$'000*
Within one year	**25,531**	18,519
In the second to fifth year inclusive	**13,713**	15,670
	39,244	34,189

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.

30. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) During the year, the Group had significant transactions and balances with related companies, some of which are also deemed to be connected persons pursuant to the Listing Rules. The significant transactions with these companies during the year, and significant balances with them at the end of the reporting period, are as follows:–

(I) Connected persons and related parties

(A) Continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules

Party	Nature of transactions	2015 HK$'000	2014 HK$'000
Certain group companies of non-controlling shareholder of a subsidiary – Note 30(a)(I)(A)(i)	Licence fee paid – Notes 30(a)(I)(A)(ii) and (iv)	**1,184**	–
	Rental expenses paid – Notes 30(a)(I)(A)(iii) and (iv)	**3,475**	–
	Medical consultancy fee – Note 30(a)(I)(A)(v)	**1,635**	–

Notes:–

(i) Town Health International Medical Group Limited ("**Town Health International**") is the holding company of (i) Town Health Healthcare Services Limited, a substantial shareholder of Luck Key Investments Limited ("**Luck Key**") (a non-wholly-owned subsidiary of the Company) holding approximately 27.9% of the issued share capital of Luck Key since 27 February 2015; and (ii) Town Health BVI Limited, a shareholder of Luck Key holding approximately 7.1% of the issued share capital of Luck Key. As such, each of Town Health International and its subsidiaries (being associates of Town Health International) has become a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules since 27 February 2015.

(ii) Town Health Medical and Dental Services Limited (a wholly-owned subsidiary of Town Health International (as defined below), "**THMDS**") as licensor, and Hong Kong Health Check Centre Limited (an indirect non-wholly-owned subsidiary of the Company, "**HKHCC**") as licensee, entered into a licence agreement ("**Previous Licence Agreement**") on 1 September 2014 in relation to the grant by the licensor to the licensee of the exclusive right to use, enjoy and occupy the premises as a health check centre for the Group ("**Licensed Premises**") at a monthly licence fee of approximately HK$118,000.

On 29 May 2015, THMDS as licensor and HKHCC as licensee entered into another licence agreement ("**New Licence Agreement**") in relation to the grant by THMDS to HKHCC of the exclusive right to use, enjoy and occupy the Licensed Premises as a health check centre for the Group from 1 June 2015 to 31 August 2017 at a monthly licence fee of approximately HK$118,000. The Previous Licence Agreement had been terminated on 31 May 2015 and was replaced the New Licence Agreement.

30. CONNECTED AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) (Cont'd)

(I) Connected persons and related parties (Cont'd)

(A) Continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules (Cont'd)

(iii) Certain group companies of Town Health International as landlords, and certain subsidiaries of Luck Key as tenants, entered into three tenancy agreements ("**Previous Tenancy Agreements**") in relation to the renting of a number of premises as a health check centre, laboratory and supporting office for the Group ("**Leased Premises**") on 20 August 2013, 19 December 2013 and 26 May 2014 respectively at a respective monthly payment (inclusive of rents, management fees and common facilities charges) of approximately HK$108,000, HK$90,000 and HK$122,000.

On 29 May 2015, Fair Jade as landlord and the Company as tenant entered into a master tenancy agreement ("**Master Tenancy Agreement**") to regulate the renting arrangements of the Leased Premises and the properties owned by Fair Jade or its subsidiaries which the Group may rent during the term of the Master Tenancy Agreement ("**Renting Arrangements**", each a "**Renting Arrangement**") from the respective landlords during the period from 1 June 2015 to 31 December 2017 at rents to be determined by the parties to each Renting Arrangement with reference to the then prevailing market rents on premises comparable in location, area and permitted use. The Previous Tenancy Agreements had either expired or had been terminated on 31 May 2015 and were replaced by new tenancy agreements entered into pursuant to the Master Tenancy Agreement.

(iv) The continuing connected transactions under the New Licence Agreement and the Master Tenancy Agreement, together with the transactions under the Previous Licence Agreement and the Previous Tenancy Agreements for the period from 27 February 2015 to 31 May 2015, are exempt from the independent shareholders' approval requirement but are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules.

(v) The transaction constitutes continuing connected transactions of the Company under the GEM Listing Rules and is exempt from the reporting, annual review, announcement or independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

30. CONNECTED AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) (Cont'd)

(I) Connected persons and related parties (Cont'd)

(B) Others

(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 Xiongfeng ("**Mr. Zhang**"), the chairman of the Board, an executive Director and a then substantial shareholder of the Company), as the vendor and Mr. Zhang as the warrantor entered into a sale and purchase agreement in related 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 a consideration of HK$300,000.

(ii) On 18 June 2014, the Company entered into a subscription agreement with Turbo Pointer Limited ("**Turbo Pointer**"), which was then beneficially and wholly-owned by Mr. Zhang, 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 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.

(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 the EPRO Systems (S) Pte Ltd. ("**EPRO SG**") (representing 90% of the issued share capital of EPRO SG) at the aggregate consideration of HK$300,000. Mr. Koh is a director of EPRO SG, 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 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.

(iv) Details of balances with connected persons and related parties as at 31 December 2015 are set out in the consolidated statement of financial position and in Note 22 to the consolidated financial statements.

30. CONNECTED AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) (Cont'd)

(II) Related parties, other than connected persons

	2015	2014
	HK$'000	*HK$'000*
Transactions:–		
Income received from provision of integral marketing services from an associate	**1,046**	–
Financial advisory services fee charged by an associate	**600**	–

(b) Key management personnel remuneration

The remuneration paid to key management personnel of the Group including the Company's directors is disclosed in Note 11 to the consolidated financial statements.

31. 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.

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary assets and monetary liabilities of the Group that are considered significant by the management are as follows:–

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars ("USD")	**3,891**	14	**–**	–
Renminbi ("RMB")	**2,113**	27	**–**	–
Australia dollars ("AUD")	**3,108**	–	**–**	–
Hong Kong dollars ("HKD")	**–**	–	**(1,894)**	–
	9,112	41	**(1,894)**	–

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

(a) Currency risk (Cont'd)

The Group is mainly exposed to the risk of fluctuation of USD, RMB, AUD and HKD when such currencies are different from the relevant group entities.

The following tables detail the sensitivity of the Group to a 10% decrease in the above foreign currencies against the functional currency of the corresponding group entity, except for USD against HKD since HKD is pegged to USD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. On this basis, where USD, RMB, AUD and HKD weaken against the functional currency of the corresponding group entity by 10%, there will be a decrease in profit for the year ended 31 December 2015 by HK$722,000 and increase in loss for the year ended 31 December 2014 by HK$3,000.

	2015 ***HK$'000***	2014 *HK$'000*
USD against RMB	**(389)**	–
RMB against HKD	**(211)**	(3)
AUD against HKD	**(311)**	–
HKD against AUD	**189**	–
	(722)	(3)

(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, the PRC and Australia, which management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

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

(b) Credit risk (Cont'd)

Carrying amounts of financial assets of the Group as at 31 December 2015, which represented the amounts of maximum exposure to credit risk, were as follows:–

	2015	2014
	HK$'000	*HK$'000*
Debtors and deposits	**268,739**	44,201
Pledged time deposit	**13,000**	–
Cash and bank balances	**93,699**	53,527
	375,438	97,728

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.

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

(c) Liquidity risk (Cont'd)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group can be required to pay:–

	Within 1 year or on demand HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2015 HK$'000
2015					
Creditors, accruals and other payables	90,451	–	–	90,451	90,451
Amounts due to non-controlling shareholders of subsidiaries	17,617	–	–	17,617	17,617
Short-term borrowings	163,958	–	–	163,958	153,988
Note payable	163,500	–	–	163,500	149,396
	435,526	–	–	435,526	411,452

	Within 1 year or on demand HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2014 HK$'000
2014					
Creditors, accruals and other payables	29,721	–	–	29,721	29,721
Short-term borrowings	15,000	–	–	15,000	15,000
	44,721	–	–	44,721	44,721

31. 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 following table details the interest rate profile of the Group's interest bearing financial liabilities at the end of the reporting period:–

	2015		2014	
	Effective interest rate		Effective interest rate	
	%	***HK$'000***	*%*	*HK$'000*
Short-term borrowings	**8.25 – 9.00**	**153,998**	8.50	15,000
Note payable	**12.37**	**149,396**	–	–

The Group's interest-bearing financial instruments of short-term borrowings and note payable 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 available-for-sale investments and financial assets at fair value through profit or loss.

At 31 December 2015, the Group has available-for-sale investments of HK$102,858,000 (Note 15) (2014: HK$19,135,000) and financial assets at fair value through profit or loss of HK$327,503,000 (Note 19) (2014: HK$773,000) and exposed to market price risk.

The sensitivity analysis below has been determined based on the exposure to equity price risks as at 31 December 2015.

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

– Profit for the year ended 31 December 2015 would increase/decrease by HK$32,750,000 (2014: Loss for the year decreased/increased by HK$77,000) 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$10,286,000 (2014:HK$1,913,000) for the Group as a result of the changes in fair value of available-for-sale investments.

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

(f) Fair value estimation

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:–

– Level 1 valuations: fair values measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date

– Level 2 valuations: fair values measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: fair values measured using significant unobservable inputs

		Fair value measurement as at 31 December 2015 categorised into		
	Fair value at 31.12.2015	**Level 1**	**Level 2**	**Level 3**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Available-for-sale investments	**102,858**	**85,358**	**–**	**17,500**
Financial assets at fair value through profit or loss	**327,503**	**327,503**	**–**	**–**

		Fair value measurement as at 31 December 2014 categorised into		
	Fair value at 31.12.2014	Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	19,135	19,135	–	–
Financial assets at fair value through profit or loss	773	773	–	–

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

(f) Fair value estimation (Cont'd)

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

Information about Level 3 fair value measurements is as follows:–

	Valuation techniques	Significant Unobservable input	Percentage
Unlisted available-for-sale investments	Market comparable companies	Discount for lack of marketability	70

The fair value of unlisted available-for-sale investments was determined using the price to book ratio (P/B ratio) of comparable listed companies adjusted by lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2015, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's other comprehensive income by HK$2,013,000 (2014: Nil).

The movements during the year in the balance of these Level 3 fair value measurements are as follows:–

	2015 *HK$'000*	2014 *HK$'000*
Unlisted available-for-sale investments:		
At 1 January	–	–
Payment for purchases	**17,500**	–
At 31 December	**17,500**	–

During the years ended 31 December 2015 and 2014, there were no transfers between financial instruments in Level 1 and Level 2, or transfers into or out of Level 3.

(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 2015 and 2014.

32. 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.

(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.

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

(v) Income tax

The Group is subject to income taxes in Hong Kong, the PRC and Australia. 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.

(vi) Valuation of share options granted

The fair value of share options granted was priced using a binomial option pricing model which requires the management's estimates and assumptions on significant calculation inputs, including the estimated life of share options granted, the volatility of share price and expected dividend yield. Changes in the subjective input assumptions could materially affect the fair value estimate, which would in turn affect the share-based payment expense recognised for the period and its corresponding impact on the share option reserve. Estimates relating to the evaluation of share options are discussed in Note 33(a)(iv).

33. SHARE-BASED PAYMENTS

(a) Share option scheme

Under the terms of a share option scheme (the "**Scheme**") adopted by the Company pursuant to an ordinary resolution of all the then shareholders of the Company passed 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 interest in attaining the long term business objectives of the Group.

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 exercise price will be determined by the directors of the Company, 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.

33. 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 57,011,304 shares of HK$0.01 each (representing approximately 8.33% 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 57,011,304 shares of the Company (representing approximately 8.33% of the issued share capital of the Company as at the date this report) (including options carrying the right to subscribe for 53,772,048 shares which are conditionally granted to two directors of the Company and shall be subject to approval by the shareholders of the Company at general meeting to be convened and held) have been 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 each of the two years ended 31 December 2015 are as follows, whereby all options are settled by delivery of shares:–

Grantees	Date of grant	Exercisable period	Vesting date	Adjusted exercise price of each option after Capital Recognisation	Number of options granted during the year ended 31.12.2014 and outstanding as at 31.12.2014	Granted during the year ended 31.12.2015	Share Consolidation	Outstanding as at 31.12.2015
Director – Zhang Xiongfeng (Note)	19 June 2014	1.1.2016 to 30.6.2016	31.12.2015	HK$1.40	57,163,573	–	(51,447,216)	5,716,357
	22 June 2015	1.7.2016 to 31.12.2016	30.6.2016	HK$2.11	–	226,746,716	(204,072,045)	22,674,671
Director – Zhang Peiao	19 June 2014	1.1.2016 to 30.6.2016	31.12.2015	HK$1.40	38,109,049	–	(34,298,145)	3,810,904
	22 June 2015	1.7.2016 to 31.12.2016	30.6.2016	HK$2.11	–	26,676,084	(24,008,476)	2,667,608
Employee	19 June 2014	1.1.2016 to 30.6.2016	31.12.2015	HK$1.40	19,054,524	–	(17,149,069)	1,905,455
	22 June 2015	1.7.2016 to 31.12.2016	30.6.2016	HK$2.11	–	13,338,042	(12,004,237)	1,333,805
Others	19 June 2014	1.1.2016 to 30.6.2016	31.12.2015	HK$1.40	76,218,096	–	(68,596,288)	7,621,808
					190,545,242	266,760,842	(411,575,476)	45,730,608

Note: The grant of options to Mr. Zhang Xiongfeng on 22 June 2015 resulted in the total number of shares of the Company to be issued upon exercise of the options by Mr. Zhang Xiongfeng in the 12-month period exceeding 1% of the shares of the Company in issue as at the date of the grant and it had been approved by the Shareholders at the extraordinary general meeting of the Company on 24 August 2015 at which Mr. Zhang Xiongfeng and his associates had abstained from voting.

33. SHARE-BASED PAYMENTS (CONT'D)

(a) Share option scheme (Cont'd)

(ii) The number and weighted average of exercise prices of share options are as follows:–

	2015		2014	
	Weighted average of exercise price *HK$*	**Number of options**	Weighted average of exercise price *HK$*	Number of options
Outstanding at the beginning of the year	**0.140**	**190,545,242**	–	–
Granted during the year	**0.211**	**266,760,842**	0.140	190,545,242
Capital Reorganisation during the year	**–**	**(411,575,476)**	–	–
Outstanding at the end of the year	**1.814**	**45,730,608**	0.140	190,545,242
Exercisable at the end of year	**1.814**	**45,730,608**	0.140	190,545,242

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

(iii) The options outstanding at 31 December 2015 had exercise price ranging from HK$1.40 to HK$2.11 and a weighted average remaining contractual life of approximately 10 months (2014: 1.5 years).

33. 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 years ended 31 December 2014 and 31 December 2015 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.

	2015	2014
Fair value of share options and assumptions		
Fair value at the date of grant	**HK$0.019, HK$0.081 and HK$0.084**	HK$0.073
Closing share price at the date of grant	**HK$0.207**	HK$0.140
Exercise price	**HK$0.211**	HK$0.140
Expected volatility	**87.361% – 88.28%**	101.14%
Expected average share option life	**1.36 – 1.53 year**	2.03 years
Expected annual dividend yield	**Nil**	Nil
Risk-free interest rate per annum	**0.223% – 0.224%**	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.

34. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Ever Full Harvest Limited ("Ever Full", together with its subsidiaries, the "Ever Full Group")

On 27 February 2015, Luck Key, a non-wholly owned subsidiary of the Company, completed the acquisition of 70% equity interests in Ever Full ("**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. The Ever Full Group is principally engaged in the manufacturing of PET Radiopharmaceuticals for medical use.

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(a) Acquisition of Ever Full Harvest Limited ("Ever Full", together with its subsidiaries, the "Ever Full Group") (Cont'd)

The fair value of the identifiable assets and liabilities of the Ever Full Group at its date of acquisition is as follows:–

	HK$'000
Property, plant and equipment – Note 12	7,427
Inventories	987
Debtors, deposits and prepayments	3,457
Cash and bank balances	4,784
Creditors, accruals and other payables	(189)
Tax payables	(431)
Shareholders' loan	(16,600)
Deferred tax liabilities	(676)
	(1,241)

Goodwill arising on acquisition	*HK$'000*
Consideration transferred	11,882
Less: Shareholder's loan acquired	(6,333)
Consideration for acquisition of the share	5,549
Less: Non-controlling interests (Note)	(374)
Add: Fair value of identifiable net liabilities acquired	1,241
Goodwill arising on acquisition	6,416

Net cash inflow arising on acquisition	*HK$'000*
Cash and cash equivalents acquired	4,784

Note: The non-controlling interests of 30% in the Ever Full Group recognised at the date of acquisition was measured with reference to the non-controlling interests' proportionate share of the fair value of the net liabilities of the Ever Full Group.

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(a) Acquisition of Ever Full Harvest Limited ("Ever Full", together with its subsidiaries, the "Ever Full Group") (Cont'd)

Acquisition-related costs amounting to approximately HK$207,000 have 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 consolidated statement of profit or loss and other comprehensive income.

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. Goodwill of approximately HK$6,416,000 was recognised by the Group in view of these factors.

Included in the profit for the year ended 31 December 2015 is approximately profit of HK$3,352,000 and revenue for the year ended 31 December 2015 is approximately HK$10,470,000 contributed by the Ever Full Group.

Had the business combination been effected on 1 January 2015, the revenue of the Group from continuing operations would have been approximately HK$260,829,000 and the profit for the year from continuing operations would have been approximately HK$50,183,000. 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 2015 nor is it intended to be a projection of future profits.

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Acquisition of Cannes Films (Cannes Films, together with its subsidiaries, the "Cannes Films Group")

On 26 January 2015, the Group acquired 49% issued share capital of Cannes Films from an independent third party at a cash consideration of HK$7,350,000 and 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 from Mr. Zhang, 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. The 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.

The fair value of the identifiable assets and liabilities of the Cannes Films Group at its date of acquisition is as follows:–

	HK$'000
Property, plant and equipment – Note 12	630
Debtors, deposits and prepayments	8,393
Cash and bank balances	906
Creditors, accruals and other payables	(4,683)
Tax payables	(88)
Short-term borrowings	(5,792)
	(634)

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Acquisition of Cannes Films (Cannes Films, together with its subsidiaries, the "Cannes Films Group") (Cont'd)

Goodwill arising on acquisition	*HK$'000*
Consideration transferred	300
Add: Fair value of investment in an associate as at the date of acquisition	7,090
Consideration for the acquisition	7,390
Less: Non-controlling interests (Note)	(311)
Add: Fair value of identifiable net liabilities acquired	634
Goodwill arising on acquisition	7,713

Net cash inflow arising on acquisition	*HK$'000*
Cash consideration paid	(300)
Less: Cash and cash equivalents acquired	906
	606

Note: The non-controlling interests of 49% in the Cannes Films Group recognised at the date of acquisition was measured with reference to the non-controlling interests' proportionate share of the fair value of the net liabilities of the Cannes Films Group.

Acquisition-related costs amounting to approximately HK$191,000 have 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 consolidated statement of profit or loss and other comprehensive income.

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 of approximately HK$7,713,000 was recognised because the cost of the combination included a control premium.

Included in the profit for the year ended 31 December 2015 from a discontinued operation is approximately profit of HK$427,000 and revenue for the year ended 31 December 2015 from a discontinued operation is approximately HK$7,319,000 contributed by the Cannes Films Group.

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Acquisition of Cannes Films (Cannes Films, together with its subsidiaries, the "Cannes Films Group") (Cont'd)

Had the business combination been effected on 1 January 2015, the revenue of the Group from a discontinued operation would have been approximately HK$378,806,000, and the profit for the year from a discontinued operation would have been approximately HK$26,324,000. 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 2015 nor is it intended to be a projection of future profits.

On 21 December 2015, the Group disposed of its entire equity interest of Cannes Films at a cash consideration of HK$8,211,000 (Note 35(a)).

(c) Acquisition of hospitality businesses in Australia

On 30 November 2015, the Group acquired certain land and buildings and hospitality businesses and related assets for operation in Australia (the "**Grange Group**") at an aggregate consideration of AUD17,000,000 (equivalents to approximately HK$99,278,000).

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

	HK$'000
Property, plant and equipment – Note 12	76,737
Inventories	1,938
Debtors, deposits and prepayments	135
Cash and bank balances	17
Creditors, accruals and other payables	(2,300)
	76,527

Goodwill arising on acquisition	*HK$'000*
Consideration transferred	99,278
Less: Fair value of identifiable net assets acquired	(76,527)
Goodwill arising on acquisition	22,751

Net cash outflow arising on acquisition	*HK$'000*
Cash consideration paid	(99,278)
Less: Cash and cash equivalents acquired	17
	(99,261)

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(c) Acquisition of hospitality businesses in Australia (Cont'd)

Acquisition-related costs amounting to approximately HK$3,315,000 have 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 consolidated statement of profit or loss and other comprehensive income.

As a result of the acquisition of the Grange Group, the Group expected to expand its business to the provision of hospitality and related services in Australia. Goodwill of approximately HK$22,751,000 was recognised in view of the benefit of expected revenue growth and future market development.

Included in the profit for the year ended 31 December 2015 is approximately loss of HK$133,000 and revenue for the year ended 31 December 2015 is approximately HK$2,688,000 contributed by the Grange Group.

Had the business combination been effected on 1 January 2015, the revenue of the Group from continuing operations would have been approximately HK$291,104,000, and the profit for the year from continuing operations would have been approximately HK$59,365,000. 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 2015 nor is it intended to be a projection of future profits.

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(d) Acquisition of EPRO (BVI) Limited ("EPRO BVI", together with its subsidiaries, the "EPRO BVI Group")

On 31 August 2015, the Group acquired the entire equity interest of EPRO BVI, from DX.com Holdings Limited at a cash consideration of HK$60,264,000. The EPRO BVI Group is principally engaged in the provision of professional information technology contract and maintenance services in the PRC and Hong Kong.

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

	HK$'000
Property, plant and equipment – Note 12	3,037
Amounts due from contract customers	15,520
Debtors, deposits and prepayments	101,099
Cash and bank balances	16,608
Creditors, accruals and other payables	(35,413)
Deferred revenue	(495)
Short-term borrowings	(2,727)
Income tax payable	(92)
Deferred tax liabilities	(3,564)
	93,973
Non-controlling interests	(926)
	93,047

Gain on a bargain purchase arising on acquisition	*HK$'000*
Consideration	60,264
Less: Fair value of identifiable net assets acquired	(93,047)
	(32,783)

Net cash outflow arising on acquisition	*HK$'000*
Cash consideration paid	(60,264)
Less: Cash and cash equivalents acquired	16,608
	(43,656)

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(d) Acquisition of EPRO (BVI) Limited ("EPRO BVI", together with its subsidiaries, the "EPRO BVI Group") (Cont'd)

Acquisition-related costs amounting to approximately HK$892,000 have 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 consolidated statement of profit or loss and other comprehensive income.

The acquisition of EPRO BVI 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, by bringing in the EPRO BVI 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. The Group recognised a gain on bargain purchase of HK$32,783,000 because the fair value of identifiable net assets acquired exceeded the purchase consideration.

The fair value of trade debtors included in debtors, deposits and prepayments is HK$101,099,000. The gross contractual amount for trade and other debtors is HK$101,377,000, of which HK$278,000 is expected to be uncollectible.

Included in the profit for the year ended 31 December 2015 is approximately HK$1,378,000 and revenue for the year ended 31 December 2015 is approximately HK$50,685,000 attributable to the additional business generated by the EPRO BVI Group.

Had the business combination been effected on 1 January 2015, the revenue of the Group from continuing operations would have been approximately HK$363,122,000 and the profit for the year from continuing operations would have been approximately HK$58,208,000. The proforma financial information is for illustration 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 2015 nor is it intended to be a projection of future profits.

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(e) Acquisition of EPRO SG

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

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

	HK$'000
Property, plant and equipment – Note 12	260
Debtors, deposits and prepayments	649
Cash and bank balances	74
Creditors, accruals and other payables	(650)
	333
Non-controlling interests	(33)
	300

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 was approximately HK$283,000 and revenue for the year ended 31 December 2014 was approximately HK$2,817,000 contributed by EPRO SG.

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 SG at a consideration of HK$300,000 (Note 35(e)).

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(f) Capital injection in 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 was 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 transferred	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 was approximately profit of HK$1,855,000 and revenue for the year ended 31 December 2014 was approximately HK$45,653,000 contributed by Zhiqu.

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

(f) Capital injection in Zhiqu (Cont'd)

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.

35. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Disposal of equity interest of Cannes Films

On 21 December 2015, the Group disposed of its entire equity interest of Cannes Films at a cash consideration of HK$8,211,000.

The net assets of Cannes Films at the date of disposal were as follows:–

	HK$'000
Property, plant and equipment – Note 12	799
Goodwill – Note 13	7,713
Other debtors, deposits and prepayments	8,787
Cash and bank balances	342
Creditors, accruals and other payables	(5,079)
Short-term borrowings	(4,992)
Income tax payable	(88)
	7,482
Non-controlling interests	114
Release of translation reserve to profit or loss	12
	7,608

Gain on disposal of a subsidiary	*HK$'000*
Cash consideration received	8,211
Less: Net assets disposed of	(7,608)
Gain on disposal of a subsidiary	603

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

(a) Disposal of equity interest of Cannes Films (Cont'd)

Net cash inflow arising on disposal of a subsidiary	*HK$'000*
Cash consideration received	8,211
Less: Cash and bank balances disposed of	(342)
	7,869

(b) 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 12	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

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

(c) Disposal of equity interest of Funa Assets Limited

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

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

	HK$'000
Property, plant and equipment – Note 12	28
Investment properties	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 a subsidiary	98

Net cash inflow arising on disposal of subsidiary	*HK$'000*
Cash consideration received	38,699
Less: Transaction cost paid	(174)
	38,525

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

(d) 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 Well In at the date of disposal were as follows:–

	HK$'000
Property, plant and equipment – Note 12	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

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

(e) Disposal of equity interest of EPRO SG

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

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

	HK$'000
Property, plant and equipment – Note 12	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

36. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Deemed disposal of interest in a subsidiary without loss of control

(a) 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 year 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)

(b) 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)

37. BORROWING FACILITIES

At 31 December 2015, the Group had a short-term borrowing facility to the extent of HK$199,403,000 (2014: HK$40,000,000), of which HK$153,998,000 (2014: HK$15,000,000) had been utilised by the Group.

At 31 December 2015, the Group had banking facilities to the extent of approximately HK$30,910,000 (2014: Nil). One of the banking facilities of approximately HK$5,590,000 had been utilised by the Group, in respect of discounted sales invoices to the bank without recourse. One of the banking facilities was secured by a time deposit of HK$13,000,000.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**295**	372
Interests in subsidiaries		**548,902**	260,709
		549,197	261,081
CURRENT ASSETS			
Amounts due from subsidiaries		**308,639**	51,415
Debtors, deposits and prepayments		**1,713**	1,263
Cash and bank balances		**15,592**	23,778
		325,944	76,456
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables		**2,796**	3,041
Amounts due to subsidiaries		**26,097**	13,734
Short-term borrowings		**–**	15,000
Note payable		**149,396**	–
		178,289	31,775
NET CURRENT ASSETS		**147,655**	44,681
NET ASSETS		**696,852**	305,762
REPRESENTING:–			
SHARE CAPITAL	26(a)	**6,841**	24,961
RESERVES	27	**690,011**	280,801
SHAREHOLDERS' FUNDS		**696,852**	305,762

39. EVENTS AFTER THE REPORTING PERIOD

On 14 January 2016, the Company has proposed rights issue of 3,420,670,215 rights shares at the subscription price of HK$0.155 per rights share on the basis of five rights shares for every one share held on the record date (i.e. 10 March 2016), which was approved by independent shareholders at the special general meeting held on 29 February 2016, further details of which are set out in the announcements of the Company dated 14 January 2016 and 29 February 2016, the circular of the Company dated 11 February 2016 and the prospectus of the Company dated 11 March 2016.

40. 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		
EPRO BVI*	The British Virgin Islands ("**BVI**")	USD100	100%	–	100%	Investment holding
EPRO Systems (HK) Limited*	Hong Kong	HK$100,000	–	100%	100%	Investment holding and provision of professional IT contract and maintenance services
EPRO Systems (China) Limited*	Hong Kong	HK$925,000	–	100%	100%	Investment holding and provision of professional IT contract and maintenance services
EPRO Technology Limited*	Hong Kong	HK$1,000,000	–	100%	100%	Provision of professional IT contract and maintenance services
江蘇維普技術服務有限公司 (Jiangsu Weipu Technical Service Co., Limited)* ("**Weipu**")	PRC	USD6,000,000	–	70%	70%	Provision of professional IT contract and maintenance services
上海易寶軟件有限公司 (Shanghai EPRO Software Company Limited)* ("**Shanghai EPRO**")	PRC	USD1,000,000	–	100%	100%	Provision of professional IT contract and maintenance services

40. 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		
Shining Color Limited*	BVI	USD1	100%	–	100%	Investment holding
Clear Solar Limited*	BVI	USD1	–	100%	100%	Investment holding
Ensure Profit Limited*	Hong Kong	HK$1	–	100%	100%	Investment holding
Cleveland Land Pty Ltd*	Australia	AUD 1	–	100%	100%	Provision of hospitality and related services in Australia
Bellinzona Land Pty Ltd*	Australia	AUD 1	–	100%	100%	Provision of hospitality and related services in Australia
Bellinzona Operations Pty Ltd*	Australia	AUD 1	–	100%	100%	Provision of hospitality and related services in Australia
Cleveland Operations Pty Ltd*	Australia	AUD 1	–	100%	100%	Provision of hospitality and related services in Australia
Charm Team Group Limited*	Samona	USD1,000	–	51%	51%	Investment holding
Bright Legend Hong Kong Investment Limited	Hong Kong	HK$1	–	100%	51%	Investment holding and provision of integral marketing services
上海宏秦網絡科技有限公司* ("**Hongqin**")	PRC	USD3,300,000	–	100%	51%	Provision of integral marketing services
Zhiqu*	PRC	RMB1,030,000	–	51%	51%	Provision of integral marketing services

40. 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		
Luck Key Investment Limited*	BVI	USD16,390	–	65%	65%	Investment holding
Hong Kong Health Check and Medical Diagnostic Group Limited*	BVI	USD1,000	–	100%	65% (2014: 90.1%)	Investment holding
Polyray Technology Limited*	Hong Kong	HK$17,000	–	100%	65% (2014: 90.1%)	Provision of health check and health care related services
Polylight Technology Limited*	Hong Kong	HK$3,200,000	–	100%	65% (2014: 90.1%)	Provision of health check and health care related services
Hong Kong Health Check Centre Limited*	Hong Kong	HK$1	–	100%	65% (2014: 90.1%)	Provision of health check and health care related services
Hong Kong Health Check and Medical Diagnostic Centre Limited*	Hong Kong	HK$1	–	100%	65% (2014: 90.1%)	Provision of health check and health care related services
Prosperity Management Limited*	Hong Kong	HK$1	–	100%	65% (2014: 90.1%)	Provision of administrative services
Well Goal Management Limited*	Hong Kong	HK$1	–	100%	65% (2014: 90.1%)	Holding of trademark
HK Health Check Limited* ("**HKHCL**")	Hong Kong	HK$100	–	89%	57.85% (2014: 80.19%)	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%	46.89% (2014: 65%)	Provision of health check and health care related services

40. 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		
Joy Surplus International Limited*	BVI	USD1	–	100%	65% (2014: 90.1%)	Investment holding
Speedco Pacific Limited*	BVI	USD1	–	100%	65% (2014: 90.1%)	Investment holding
Group Benefit Development Limited* ("**Group Benefit**")	Hong Kong	HK$3,403,333	–	98.53%	64.04% (2014: 88.78%)	Provision of diagnostic scanning services
Good Fortune Technologies Limited* ("**Good Fortune**")	Hong Kong	HK$2,550,000	–	52.94%	33.91% (2014: 47%)	Provision of diagnostic scanning services
Hong Kong Genesis Laboratory Centre Limited*	Hong Kong	HK$100	–	100%	65% (2014: 90.1%)	Provision of molecular testing services
Ever Full Harvest Limited*	BVI	USD10	–	70%	45.5%	Investment holding
Hong Kong Cyclotron Laboratories Limited* ("**HKCL**")	Hong Kong	HK$100	–	70%	45.5%	Manufacturing of PET Radiopharmaceuticals for medical use
Goldstar Investment Development Limited*	Hong Kong	HK$1	–	100%	100%	Property Investment
Sun Ace (HK) Limited*	Hong Kong	HK$1	–	100%	100%	Property Investment
Sure Taken Investment Limited*	Hong Kong	HK$1	–	100%	100%	Property Investment

40. 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		
Ever Robust Holdings Ltd	Hong Kong	HK$1	–	100%	100%	Securities investments
Mark Profit Finance Limited	Hong Kong	HK$1	–	100%	100%	Money lending
Golden Weapon Limited	Hong Kong	HK$1	–	100%	100%	Mobile internet cultural business
迹象信息技術(上海)有限公司 (Jixiang Information Technology (Shanghai) Co., Ltd.)* (“**Jixiang**”)	PRC	USD1,000,000	–	100%	100%	Investment holding and mobile internet cultural business
Absolutely Talent*	BVI	USD1,000	100%	–	–	Investment holding
Best Faith Ltd*	BVI	USD1	–	100%	100%	Investment holding
Successful Treasure Investments Limited*	BVI	USD1,000	–	100%	100%	Investment holding
Triple Art Limited	Hong Kong	HK$1	–	100%	100%	Provision of administrative services
Timely Investments Limited*	BVI	USD1	100%	–	100%	Investment holding

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

Note: Except that Jixiang and Hongqin are registered as a wholly-owned foreign enterprises under the PRC Laws, and Zhiqu, Shanghai EPRO and Weipu are registered as domestic enterprises under the PRC Laws, all subsidiaries of the Group are incorporated/established with limited liability.

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

The following table lists out the information relating to Weipu, Zhiqu, Luck Key, Yuen Foong, HKHCL, Group Benefit, Good Fortune and HKCL 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 Gifted Children (China) Holdings Ltd. is insignificant to the Group.

	As at 31 December 2015							
	Weipu	Zhiqu	Luck Key	Yuen Foong	HKHCL	Group Benefit	Good Fortune	HKCL
NCI Percentage	25.00%	49.00%	35.00%	53.11%	42.15%	35.96%	66.09%	54.50%

	As at 31 December 2015							
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	4,536	91,638	44,301	4,918	7,419	47,177	4,300	9,202
Non-current assets	132	91	105,871	349	2,066	1,481	15	6,505
Current liabilities	(1,559)	(51,285)	(10,150)	(5,821)	(27,368)	(2,851)	(55)	(1,299)
Non-current liabilities	–	–	–	–	–	(10)	–	(676)
Net assets/(liabilities)	3,109	40,444	140,022	(554)	(17,883)	45,797	4,260	13,732
Carrying amount of NCI	777	19,818	49,008	(294)	(7,538)	16,469	2,815	7,484

	Period from 1.9.2015 to 31.12.2015	For the year ended 31 December 2015						
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	71	367,716	–	15,106	11,912	15,557	6,186	20,461
Profit/(loss) for the period/year	(485)	26,884	3,372	229	(1,268)	206	279	3,664
Total comprehensive income/(loss)	(485)	26,884	3,372	229	(1,268)	206	279	3,664
Profit/(loss) allocated to NCI	(121)	13,173	1,180	122	(535)	74	184	1,997
Dividend paid to NCI	–	–	–	–	–	–	120	1,500
Cash flows from/(used in) operating activities	88	(7,898)	3,637	355	441	(697)	(173)	6,138
Cash flows used in investing activities	–	(87)	(11,882)	–	(1,036)	(156)	–	(1,589)
Cash flows from/(used in) financing activities	67	11,973	11,731	–	–	–	(255)	(5,000)

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

	As at 31 December 2014					
	Zhiqu	Luck Key	HKHCL	Yuen Foong	Group Benefit	Good Fortune
NCI Percentage	49%	9.9%	19.81%	35%	11.22%	53%

	As at 31 December 2014					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	16,780	58,672	9,071	5,260	47,271	4,213
Non-current assets	28	93,989	3,491	681	2,511	104
Current liabilities	(13,823)	(27,742)	(29,176)	(6,725)	(4,180)	(82)
Non-current liabilities	–	–	–	–	(10)	–
Net assets/(liabilities)	2,985	124,919	(16,614)	(784)	45,592	4,235
Carrying amount of NCI	1,463	12,367	(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$'000*	*HK$'000*
Revenue	45,653	–	12,656	16,008	15,420	6,654
Profit/(loss) for the period/year	1,855	(14)	(2,986)	417	(857)	450
Profit/(loss) allocated to NCI	909	(1)	(592)	146	(96)	239
Dividend paid to NCI	–	–	–	–	–	120
Cash flows from/(used in) operating activities	8,882	(2,673)	1,370	(365)	256	(646)
Cash flows used in investing activities	(30)	–	(1,047)	(36)	(550)	–
Cash flows from/(used in) financing activities	–	2,700	–	–	–	(255)

Financial Summary

RESULTS

	Years ended 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	21,592	106,604	99,557	191,317	**257,853**
Profit/(loss) for the year	(26,097)	(21,076)	(9,603)	(24,580)	**81,963**
Attributable to:					
Shareholders of the Company	(26,097)	(21,076)	(8,847)	(26,189)	**63,951**
Non-controlling interests	–	–	(756)	1,609	**18,012**
	(26,097)	(21,076)	(9,603)	(24,580)	**81,963**

ASSETS AND LIABILITIES

	At 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Non-current assets	6,727	26,312	77,307	274,708	**564,311**
Current assets	24,343	133,764	100,143	103,447	**727,983**
Deduct:					
Current liabilities	6,251	6,951	14,698	46,464	**434,073**
Net current assets	18,092	126,813	85,445	56,983	**293,910**
Total assets less current liabilities	24,819	153,125	162,752	331,691	**858,221**
Non-current liabilities	–	39,587	10	10	**4,217**
Net assets	24,819	113,538	162,742	331,681	**854,004**