



## **M DREAM INWORLD LIMITED**

**聯夢活力世界有限公司\***

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 8100)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014**

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

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*This announcement, for which the directors (the “Directors”) of M Dream Inworld Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purposes only

**FINANCIAL HIGHLIGHTS**  
**(unaudited)**

- The turnover of the Group was approximately HK\$80,367,000 for the six months ended 30 June 2014 (“Period”) representing an increase of approximately 186% as compared to the turnover for the corresponding period in 2013 of approximately HK\$28,131,000.
- The Group recorded a profit attributable to owners of the Company of approximately HK\$55,100,000 for the Period compared to the loss attributable to owners of the Company of approximately HK\$256,481,000 for the same period in last year.
- The Group recorded a net profit of approximately HK\$72,263,000 for the Period, compared to the loss for the corresponding period in 2013 of approximately HK\$248,465,000. The increase in net profit was mainly due to (i) the profit after tax of HK\$37,749,000 contributed by Apperience Corporation (“Apperience”) (a non-wholly owned subsidiary of the Company) and its subsidiaries, which are principally engaged in the research, development and distribution of personal computer performance software, anti-virus software, mobile applications and toolbar advertisement; (ii) the gain of approximately HK\$44,393,000 arising on change in the fair value of performance shares for settling the part of purchase consideration in relation to the acquisition of 50.5% of the issued share capital of Apperience (“Acquisition”), which was completed on 31 March 2013; and (iii) the absence of impairment loss on goodwill in relation to the Acquisition for the Period while the impairment loss on goodwill of approximately HK\$257,496,000 was incurred by the Group for the corresponding period in 2013.
- Earnings per share for profit attributable to owners of the Company for the Period was HK4.39 cents.
- The Directors do not recommend the payment of any dividend for the Period.

## RESULTS

The board of Directors (the “Board”) of M Dream Inworld Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2014 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2013, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS — UNAUDITED

*For the three months and six months ended 30 June 2014  
(Expressed in Hong Kong dollars)*

		Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	4	36,556	27,457	80,367	28,131
Cost of sales		(8,910)	(4,515)	(17,314)	(4,705)
Gross profit		27,646	22,942	63,053	23,426
Other revenue and other gains and losses	5	45,393	6,537	39,841	(249,280)
Selling and administrative expenses		(14,238)	(7,220)	(22,807)	(12,744)
Profit/(loss) from operations		58,801	22,259	80,087	(238,598)
Finance costs	6(a)	(340)	(4,938)	(601)	(6,627)
Profit/(loss) before taxation	6	58,461	17,321	79,486	(245,225)
Income tax	8	(2,306)	(3,240)	(7,223)	(3,240)
<b>Profit/(loss) for the period</b>		<b>56,155</b>	14,081	<b>72,263</b>	(248,465)
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		51,015	6,065	55,100	(256,481)
Non-controlling interests		5,140	8,016	17,163	8,016
		<b>56,155</b>	14,081	<b>72,263</b>	(248,465)
			(Restated)		(Restated)
<b>Earnings/(loss) per share</b>	9				
Basic		HK3.98 cents	HK1.22 cents	HK4.39 cents	(HK63.11 cents)
Diluted		HK3.47 cents	HK0.86 cent	HK3.80 cents	N/A

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME — UNAUDITED**

*For the three months and six months ended 30 June 2014*

*(Expressed in Hong Kong dollars)*

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(loss) for the period</b>	<b>56,155</b>	14,081	<b>72,263</b>	(248,465)
<b>Other comprehensive income for the period:</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translation of financial statements of overseas subsidiaries	(72)	(18)	(94)	(29)
Fair value loss on available-for- sale financial assets	<u>(12,992)</u>	—	<u>(12,245)</u>	—
<b>Other comprehensive income for the period, net of tax</b>	<u>(13,064)</u>	(18)	<u>(12,339)</u>	(29)
<b>Total comprehensive income for the period</b>	<u><b>43,091</b></u>	<u>14,063</u>	<u><b>59,924</b></u>	<u>(248,494)</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>37,988</b>	6,047	<b>42,808</b>	(256,510)
Non-controlling interests	<u><b>5,103</b></u>	<u>8,016</u>	<u><b>17,116</b></u>	<u>8,016</u>
	<u><b>43,091</b></u>	<u>14,063</u>	<u><b>59,924</b></u>	<u>(248,494)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014 and 31 December 2013

(Expressed in Hong Kong dollars)

		<b>30 June 2014</b>	31 December 2013
	<i>Note</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Fixed assets		<b>922</b>	1,017
Investment property		–	42,000
Intangible assets		<b>56,211</b>	56,980
Goodwill		<b>508,500</b>	500,166
Available-for-sale financial assets	<i>12</i>	<b>59,061</b>	53,778
		<b>624,694</b>	653,941
<b>Current assets</b>			
Inventories	<i>13</i>	<b>283</b>	–
Trade and other receivables	<i>14</i>	<b>40,379</b>	25,783
Pledged bank deposits		<b>2,422</b>	621
Cash and cash equivalents		<b>78,032</b>	70,409
		<b>121,116</b>	96,813
Assets of a disposal subsidiary classified as held for sale	<i>15</i>	<b>42,122</b>	–
<b>Total current assets</b>		<b>163,238</b>	96,813
<b>Current liabilities</b>			
Trade and other payables	<i>16</i>	<b>16,473</b>	4,932
Other borrowing	<i>17</i>	<b>11,000</b>	–
Performance shares	<i>18</i>	<b>27,261</b>	52,037
Current tax liabilities		<b>42,684</b>	35,034
		<b>97,418</b>	92,003
Liabilities of a disposal subsidiary classified as held for sale	<i>15</i>	<b>294</b>	–
<b>Total current liabilities</b>		<b>97,712</b>	92,003
<b>Net current assets</b>		<b>65,526</b>	4,810
<b>Total assets less current liabilities</b>		<b>690,220</b>	658,751

		<b>30 June 2014</b>	31 December 2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>3,644</b>	4,222
Convertible notes	<i>19</i>	<b>13,275</b>	12,744
Performance shares	<i>18</i>	–	52,531
		<hr/> <b>16,919</b>	<hr/> 69,497
<b>NET ASSETS</b>		<hr/> <b>673,301</b>	<hr/> 589,254
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>20</i>	<b>564,114</b>	492,562
Reserves		<b>65,364</b>	61,194
		<hr/> <b>629,478</b>	<hr/> 553,756
Equity attributable to owners of the Company		<b>43,823</b>	35,498
Non-controlling interests		<hr/> <b>673,301</b>	<hr/> 589,254
<b>TOTAL EQUITY</b>		<hr/> <b>673,301</b>	<hr/> 589,254

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — UNAUDITED

*For the six months ended 30 June 2014 and 30 June 2013*

*(Expressed in Hong Kong dollars)*

	Attributable to owners of the Company								Non- controlling interests	Total equity	
	Share capital	Share premium	Contributed surplus	Share option reserve	Convertible note reserve	Investment revaluation reserve	Exchange reserve	Accumulated losses			Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 1 January 2013	124,889	206,661	6,426	310	6,605	-	5	(206,816)	138,080	-	138,080
Profit/(loss) for the period	-	-	-	-	-	-	-	(256,481)	(256,481)	8,016	(248,465)
Other comprehensive income for the period	-	-	-	-	-	-	(29)	-	(29)	-	(29)
Total comprehensive income for the period	-	-	-	-	-	-	(29)	(256,481)	(256,510)	8,016	(248,494)
Issue of convertible notes on 31 March 2013	-	-	-	-	325,290	-	-	-	325,290	-	325,290
Arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	26,440	26,440
Shares issued on conversion of convertible notes on 25 March 2013	20,000	2,170	-	-	(6,605)	-	-	-	15,565	-	15,565
Shares issued on conversion of convertible notes on 10 April 2013	59,260	39,882	-	-	(53,091)	-	-	-	46,051	-	46,051
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,487)	(7,487)
Changes in equity for the period	79,260	42,052	-	-	265,594	-	-	-	386,906	18,953	405,859
At 30 June 2013	<u>204,149</u>	<u>248,713</u>	<u>6,426</u>	<u>310</u>	<u>272,199</u>	<u>-</u>	<u>(24)</u>	<u>(463,297)</u>	<u>268,476</u>	<u>26,969</u>	<u>295,445</u>
At 1 January 2014	<u>492,562</u>	<u>46,682</u>	<u>414,679</u>	<u>310</u>	<u>13,809</u>	<u>-</u>	<u>(60)</u>	<u>(414,226)</u>	<u>553,756</u>	<u>35,498</u>	<u>589,254</u>
Profit for the Period	-	-	-	-	-	-	-	55,100	55,100	17,163	72,263
Other comprehensive income for the Period	-	-	-	-	-	(12,245)	(47)	-	(12,292)	(47)	(12,339)
Total comprehensive income for the Period	-	-	-	-	-	(12,245)	(47)	55,100	42,808	17,116	59,924
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	1,951	1,951
Performance shares issued on 4 June 2014 (note 18)	71,552	(38,638)	-	-	-	-	-	-	32,914	-	32,914
Share option lapsed	-	-	-	(310)	-	-	-	310	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(10,742)	(10,742)
Changes in equity for the Period	71,552	(38,638)	-	(310)	-	-	-	310	32,914	(8,791)	24,123
At 30 June 2014	<u>564,114</u>	<u>8,044</u>	<u>414,679</u>	<u>-</u>	<u>13,809</u>	<u>(12,245)</u>	<u>(107)</u>	<u>(358,816)</u>	<u>629,478</u>	<u>43,823</u>	<u>673,301</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS — UNAUDITED***For the six months ended 30 June 2014 and 30 June 2013**(Expressed in Hong Kong dollars)*

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Re-presented)</b>
Net cash generated from/(used in) operating activities	<b>50,515</b>	(1,047)
Net cash used in investing activities	<b>(42,937)</b>	(40,040)
Net cash generated from/(used in) financing activities	<b>258</b>	(280)
Net increase/(decrease) in cash and cash equivalents	<b>7,836</b>	(41,367)
Effect of foreign exchange rate changes	<b>(91)</b>	(29)
Cash and cash equivalents at 1 January	<b>70,409</b>	140,737
Cash and cash equivalents at 30 June	<b>78,154</b>	99,341
<b>Analysis of cash and cash equivalents:</b>		
Cash and cash equivalents	<b>78,032</b>	95,227
Cash and cash equivalents relating to assets of a disposal subsidiary/disposal groups classified as held for sale	<b>122</b>	4,114
	<b>78,154</b>	99,341



## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2014*

*(Expressed in Hong Kong dollars)*

### **1. CORPORATE INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 July 2001 and continued in Bermuda on 9 January 2014 (Bermuda time). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Room 515, 5/F, Town Health Technology Centre, 10–12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

The Company is listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activity of the Company is investment holding. The Group is principally engaged in (i) research, development and distribution of personal computer performance software, anti-virus software, mobile phone applications and toolbar advertisement (“Software Business”), (ii) website development, e-learning products and services (“E-learning Business”), (iii) securities investment (“Securities Investment Business”), (iv) money lending (“Money Lending Business”) and (v) provision of Insurance and Mandatory Provident Fund schemes brokerage services (“Insurance and MPF Schemes Brokerage Business”) during the Period.

The Group’s 2014 interim unaudited condensed consolidated financial information is presented in thousands of units of Hong Kong Dollars (“\$’000”), unless otherwise stated. Hong Kong dollars (“HK\$”) is the Company’s functional and the Group’s presentation currency.

### **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”).

The Group’s 2014 interim unaudited financial statements have been prepared under the historical cost convention, except for certain investment property, financial assets and liabilities which have been measured at fair values. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2013 except in relation to the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are adopted for the first time for the current period’s financial statements.

### **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current and prior accounting periods.

The Group has not early applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether new HKFRSs would have a material impact on its operations and financial position.

#### 4. TURNOVER

An analysis of the Group's turnover for the periods is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Provision of website development, e-learning products and services	–	831	–	1,505
Sales of computer and mobile phone software and toolbar advertisement	33,660	26,626	77,284	26,626
Loan interest income	215	–	402	–
Commission income	514	–	514	–
Provision of website development for e-commerce business	500	–	500	–
Revenue and commission income from online shopping business	1,667	–	1,667	–
	<u>36,556</u>	<u>27,457</u>	<u>80,367</u>	<u>28,131</u>

#### 5. OTHER REVENUE AND OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
<b>Other revenue</b>				
Bank interest income	2	34	2	260
Fair value (loss)/gain on financial assets at fair value through profit or loss	–	(140)	9	290
Rental income	225	113	450	113
Income from provision of business centre services	–	60	–	120
Other investment interest income	–	87	–	92
Others	27	47	27	47
	<u>254</u>	<u>201</u>	<u>488</u>	<u>922</u>
<b>Other gains and losses, net</b>				
Fair value gain on performance shares	50,202	7,262	44,393	7,262
Foreign exchange (loss)/gain	(7)	(16)	16	(16)
Impairment loss on fixed assets	(169)	–	(169)	–
Impairment loss on goodwill	–	(911)	–	(257,496)
Impairment loss on intangible assets	(4,887)	–	(4,887)	–
Net sundry income	–	1	–	11
Recovery from impairment loss on trade receivables	–	–	–	37
	<u>45,139</u>	<u>6,336</u>	<u>39,353</u>	<u>(250,202)</u>
<b>Other revenue and other gains and losses</b>	<u>45,393</u>	<u>6,537</u>	<u>39,841</u>	<u>(249,280)</u>

## 6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging:

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(a) Finance costs:</b>				
Interest on bank loan and other borrowing				
— wholly repayable within 5 years	70	24	70	49
Effective interest on convertible notes	270	4,914	531	6,578
	<u>340</u>	<u>4,938</u>	<u>601</u>	<u>6,627</u>
<b>(b) Staff costs (including directors' remuneration):</b>				
Salaries, wages and other benefits	2,375	2,315	3,497	4,191
Retirement scheme contributions	69	45	99	87
	<u>2,444</u>	<u>2,360</u>	<u>3,596</u>	<u>4,278</u>
<b>(c) Other items:</b>				
Amortisation of intangible assets	4,048	1,243	7,864	1,397
Auditor's remuneration	111	100	331	201
Depreciation	96	164	161	299
Operating lease charges:				
— minimum lease payments				
— hire of office premises	150	279	202	438
Impairment loss on fixed assets	169	—	169	—
Impairment loss on goodwill	—	911	—	257,496
Impairment loss on intangible assets	4,887	—	4,887	—
Legal and professional fees	2,219	1,918	2,997	3,500
	<u>2,219</u>	<u>1,918</u>	<u>2,997</u>	<u>3,500</u>

## 7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation. The changes included the reclassification of fair value (loss)/gain on financial assets at fair value through profit or loss from other gains and losses to other revenue in the current period.

## 8. INCOME TAX

Income tax in the unaudited condensed consolidated statement of profit or loss represents:

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax</b>				
— Hong Kong Profits Tax				
Provision for the period ( <i>Note 1</i> )	<b>2,578</b>	3,229	<b>7,737</b>	3,229
— Japan				
Withholding tax for the period ( <i>Note 2</i> )	<b>27</b>	11	<b>64</b>	11
<b>Deferred tax</b> ( <i>Note 3</i> )	<b>(299)</b>	—	<b>(578)</b>	—
	<u><b>2,306</b></u>	<u>3,240</u>	<u><b>7,223</b></u>	<u>3,240</u>

*Note 1:* Provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the Period.

*Note 2:* Withholding tax in Japan, regarding the external sales for which customers are located in Japan, is charged at the appropriate current rates of taxation ruling in Japan.

*Note 3:* Deferred tax is arising from the tax effect on the fair value adjustment of intangible assets of the Group for the Period.

## 9. EARNINGS/(LOSS) PER SHARE

The number of shares used in the calculation of basic earnings/(loss) and diluted earnings/(loss) per share has been adjusted to reflect the effect of share consolidation became effective on 18 July 2014. The details of capital reorganisation are set out in the note 25(c) and the circular of the Company dated 24 June 2014.

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue during the periods.

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
<i>Earnings/(loss) (HK\$'000)</i>				
Earnings/(loss) attributable to owners of the Company and earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	<u>51,015</u>	<u>6,065</u>	<u>55,100</u>	<u>(256,481)</u>
		(Restated)		(Restated)
<i>Number of shares</i>				
Weighted average of number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>1,280,548,277</u>	<u>495,719,714</u>	<u>1,256,112,509</u>	<u>406,412,245</u>
Basic earnings/(loss) per share	<u><u>HK3.98 cents</u></u>	<u><u>HK1.22 cents</u></u>	<u><u>HK4.39 cents</u></u>	<u><u>(HK63.11 cents)</u></u>

### (b) Diluted earnings/(loss) per share

No adjustment has been made to the basic loss per share presented for the six months ended 30 June 2013 in respect of a dilution as the impact of the convertible notes and share options outstanding had anti-dilutive effect.

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the periods.

	<b>Three months ended</b>		<b>Six months</b>
	<b>30 June</b>		<b>ended 30 June</b>
	<b>2014</b>	2013	<b>2014</b>
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>
<b><i>Earnings (HK\$'000)</i></b>			
Earnings attributable to owners of the Company and earnings for the purpose of calculating diluted earnings per share	<u>51,285</u>	10,979	<u>55,631</u>
		(Restated)	
<b><i>Number of shares</i></b>			
Weighted average of number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,280,548,277</u>	495,719,714	<u>1,256,112,509</u>
Effect of dilutive potential ordinary shares:			
Share options	–	109,466	–
Convertible notes	<u>38,532,464</u>	774,217,986	<u>38,532,464</u>
Performance shares	<u>157,995,830</u>	–	<u>168,380,562</u>
Weighted average of number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,477,076,571</u>	<u>1,270,047,166</u>	<u>1,463,025,535</u>
Diluted earnings per share	<u><u>HK3.47 cents</u></u>	<u>HK0.86 cent</u>	<u><u>HK3.80 cents</u></u>

## 10. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

- Research, development and distribution of personal computer performance software, anti-virus software, mobile phone applications and toolbar advertisement (“Software Business”)
- Website development, e-learning products and services (“E-learning Business”)
- Securities investment (“Securities Investment Business”)
- Money lending (“Money Lending Business”)
- Provision of Insurance and Mandatory Provident Fund schemes brokerage services (“Insurance and MPF Schemes Brokerage Business”)

The Group's unallocated segment includes the e-commerce business, which earns its revenue from provision of website development, and the online shopping business, which earns its revenue from sales of goods and commission income from provision of an online shopping platform. None of these businesses meet any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the ‘unallocated’ column for the Period.

(a) **Segment results**

For the purpose of monitoring segment performances and allocating resources between segments:

- Segment profit/(loss) represented profit earned by/(loss from) each segment without allocation of central administration costs, finance costs and income tax expense.
- Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the Period (2013: HK\$nil).

Information regarding the Group's reportable segments for the period ended 30 June 2014 is set out below.

	Six months ended 30 June 2014						Consolidated HK\$'000 (Unaudited)
	Software Business HK\$'000 (Unaudited)	E-learning Business HK\$'000 (Unaudited)	Securities Investment Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Insurance and MPF Schemes Brokerage Business HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	
<b>Turnover</b>							
Revenue from external customers	<u>77,284</u>	<u>-</u>	<u>-</u>	<u>402</u>	<u>514</u>	<u>2,167</u>	<u>80,367</u>
<b>Results</b>							
Segment results	<u>41,975</u>	<u>(315)</u>	<u>(159)</u>	<u>365</u>	<u>(158)</u>	<u>(206)</u>	<u>41,502</u>
Interest income							2
Unallocated income							44,870
Unallocated expenses							<u>(6,287)</u>
Profit from operations							80,087
Finance costs							<u>(601)</u>
Profit before taxation							79,486
Income tax							<u>(7,223)</u>
Profit for the Period							<u>72,263</u>
<b>Other segment information:</b>							
Amortisation of intangible assets	(7,864)	-	-	-	-	-	(7,864)
Depreciation	-	(23)	(30)	-	-	(108)	(161)
Fair value gain on performance shares	-	-	-	-	-	44,393	44,393
Impairment loss on fixed assets	-	(169)	-	-	-	-	(169)
Impairment loss on intangible assets	(4,887)	-	-	-	-	-	(4,887)
Legal and professional fees	<u>(1,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>(1,884)</u>	<u>(2,997)</u>

Information regarding the Group's reportable segments for the period ended 30 June 2013 is set out below.

	Six months ended 30 June 2013						Consolidated HK\$'000 (Unaudited)
	Software Business HK\$'000 (Unaudited)	E-learning Business HK\$'000 (Unaudited)	Securities Investment Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Insurance and MPF Schemes Brokerage Business HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	
<b>Turnover</b>							
Revenue from external customers	26,626	1,505	-	-	-	-	28,131
<b>Results</b>							
Segment results	(238,088)	(1,494)	334	(15)	-	-	(239,263)
Interest income							260
Unallocated income							7,468
Unallocated expenses							(7,063)
Loss from operations							(238,598)
Finance costs							(6,627)
Loss before taxation							(245,225)
Income tax							(3,240)
Loss for the period							(248,465)
<b>Other segment information:</b>							
Amortisation of intangible assets	(1,090)	(307)	-	-	-	-	(1,397)
Depreciation	-	(25)	(24)	-	-	(250)	(299)
Fair value gain on financial assets at fair value through profit or loss	-	-	290	-	-	-	290
Fair value gain on performance shares	-	-	-	-	-	7,262	7,262
Impairment loss on goodwill	(257,496)	-	-	-	-	-	(257,496)
Legal and professional fees	(397)	(30)	(6)	(6)	-	(3,061)	(3,500)



**(b) Segment assets and liabilities**

Information regarding the Group's reportable segments as at 30 June 2014 is set out below.

	30 June 2014						
	Software Business HK\$'000 (Unaudited)	E-learning Business HK\$'000 (Unaudited)	Securities Investment Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Insurance and MPF Schemes Brokerage Business HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Assets</b>							
Segment assets	635,471	60	71,885	7,120	3,393	-	717,929
Unallocated assets	-	-	-	-	-	70,003	70,003
Total assets							<u>787,932</u>
<b>Liabilities</b>							
Segment liabilities	50,613	4	11,102	89	2,518	-	64,326
Unallocated liabilities	-	-	-	-	-	50,305	50,305
Total liabilities							<u>114,631</u>
<b>Other segment information:</b>							
Additions to fixed assets	-	-	-	-	-	(14)	(14)
Development costs capitalised	<u>(12,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,004)</u>

Information regarding the Group's reportable segments as at 31 December 2013 is set out below.

	31 December 2013						Consolidated HK\$'000 (Audited)
	Software Business HK\$'000 (Audited)	E-learning Business HK\$'000 (Audited)	Securities Investment Business HK\$'000 (Audited)	Money Lending Business HK\$'000 (Audited)	Insurance and MPF Schemes Brokerage Business HK\$'000 (Audited)	Unallocated HK\$'000 (Audited)	
<b>Assets</b>							
Segment assets	621,111	228	57,880	4,040	-	-	683,259
Unallocated assets	-	-	-	-	-	67,495	67,495
Total assets							<u>750,754</u>
<b>Liabilities</b>							
Segment liabilities	41,469	14	57	59	-	-	41,599
Unallocated liabilities	-	-	-	-	-	119,901	119,901
Total liabilities							<u>161,500</u>
<b>Other segment information:</b>							
Additions to fixed assets	-	(17)	(530)	-	-	(239)	(786)
Additions to investment property	-	-	-	-	-	(41,968)	(41,968)
Development costs capitalised	(17,113)	(960)	-	-	-	-	(18,073)

(c) **Geographical information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, intangible assets, goodwill and available-for-sale financial assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets and available-for-sale financial assets, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue from external customers</b>				
United States of America	<b>17,047</b>	13,826	<b>40,256</b>	13,826
Germany	<b>1,588</b>	1,831	<b>2,833</b>	1,831
United Kingdom	<b>2,244</b>	1,615	<b>5,072</b>	1,615
Hong Kong	<b>2,953</b>	831	<b>3,223</b>	1,505
Australia	<b>1,351</b>	1,052	<b>2,993</b>	1,052
Canada	<b>1,207</b>	977	<b>2,848</b>	977
Russia	<b>1,268</b>	835	<b>2,929</b>	835
Japan	<b>1,174</b>	566	<b>2,661</b>	566
Others (including Mainland China)	<b>7,724</b>	5,924	<b>17,552</b>	5,924
	<b>36,556</b>	27,457	<b>80,367</b>	28,131
			<b>30 June</b>	31 December
			<b>2014</b>	2013
			<i>HK\$'000</i>	<i>HK\$'000</i>
			(Unaudited)	(Audited)
<b>Specified non-current assets</b>				
Hong Kong			<b>624,694</b>	653,941

**11. DIVIDENDS**

The Directors do not recommend the payment of any dividend in respect of the Period (2013: nil).

## 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Equity securities listed in Hong Kong, at fair value (Note 1)	<b>48,061</b>	53,778
Unlisted investment fund outside Hong Kong, at fair value	<b>11,000</b>	–
	<b>59,061</b>	53,778

Note:

- (1) All listed equity securities are stated at fair value which is determined based on the quoted market bid prices available on the Stock Exchange. During the Period, decrease in fair value of listed securities amounting to HK\$12,245,000 was recognised in investment revaluation reserve.

## 13. INVENTORIES

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Finished goods	<b>283</b>	–

## 14. TRADE AND OTHER RECEIVABLES

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Trade receivables (Note 1)	<b>19,050</b>	19,424
Prepayments and deposits	<b>11,044</b>	2,547
Amounts due from brokers	<b>10,069</b>	3,778
Loan interest receivables	<b>105</b>	–
Other receivables	<b>111</b>	34
	<b>40,379</b>	25,783

Note:

- (1) As at 30 June 2014, included in trade receivables was a loan to borrower of HK\$7,000,000 (2013: HK\$4,000,000). The loan bears interest at a fixed rate of 10% (2013: 8.5%) per annum and will be repayable within 90 days. The loan as at 30 June 2014 was secured by an unconditional and irrecoverable personal guarantee granted by one of the directors of the borrower.

(a) Ageing analysis

According to the credit rating of different customers and service providers, the Group allows credit periods ranged from 0 to 90 days.

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Current	<u>17,733</u>	<u>18,571</u>
Less than 1 month past due	<b>1,292</b>	853
1 to 3 months past due	<u>25</u>	<u>–</u>
Amounts past due	<u>1,317</u>	<u>853</u>
	<b><u>19,050</u></b>	<b><u>19,424</u></b>

**15. ASSETS AND LIABILITIES OF A DISPOSAL SUBSIDIARY CLASSIFIED AS HELD FOR SALE**

On 12 June 2014, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which, the Group will dispose 51% of the issued share capital of Dragon Oriental Investment Limited (“Dragon Oriental”), at a consideration of HK\$21,700,000. The details of the sale and purchase agreement are set out in the Company’s announcement dated 12 June 2014. The completion of such disposal has not yet taken place as at the date of this announcement.

The major classes of assets and liabilities of Dragon Oriental classified as held for sale as at 30 June 2014 are as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>
Investment property	<b>42,000</b>
Cash and cash equivalents	<u>122</u>
<b>Total assets classified as held for sale</b>	<b><u>42,122</u></b>
Other payables	<b>182</b>
Amount due to a holding company	<b>44</b>
Current tax liabilities	<u>68</u>
<b>Total liabilities classified as held for sale</b>	<b><u>294</u></b>

## 16. TRADE AND OTHER PAYABLES

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Trade payables	3,963	370
Deposit received from disposal of a subsidiary ( <i>Note 25(b)</i> )	4,340	–
Deposit received	–	150
Loan interest payable	70	–
Accrued expenses and other payables	8,100	4,412
	<u>16,473</u>	<u>4,932</u>

The ageing analysis of trade payables, based on the date of receipt of goods/services, is as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Current or less than 1 month	3,220	370
1 to 3 months	276	–
More than 3 months	467	–
	<u>3,963</u>	<u>370</u>

## 17. OTHER BORROWING

As at 30 June 2014, other borrowing represents a loan from a lender of HK\$11,000,000. The loan bears interest at a fixed rate of 7% per annum and will be repayable within six months. The loan was secured by a corporate guarantee granted by the Company. The fair value of the guarantee at date of inception is not material and is not recognised in consolidated statement of profit or loss because there was no default repayment history and the ability of repayment is not in doubt.

## 18. PERFORMANCE SHARES

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
At the beginning of the Period/year	104,568	–
Contingent consideration for the Acquisition	–	177,186
Allotment and issue during the Period	(32,914)	–
Fair value gain on performance shares	(44,393)	(72,618)
	<u>27,261</u>	<u>104,568</u>
Analysed as:		
Current liabilities	27,261	52,037
Non-current liabilities	–	52,531
	<u>27,261</u>	<u>104,568</u>

## 19. CONVERTIBLE NOTES

On 31 March 2013, upon completion of the Acquisition, the Company issued convertible notes in the aggregate principal amount of HK\$392,132,500 at the initial conversion price of HK\$0.108 per conversion share (subject to adjustment) to vendors of the acquisition. A summary of the principal terms of the convertible notes is set out in the Company's announcement dated 5 December 2012 and the Company's circular dated 23 February 2013. During the Period, no noteholder exercises the conversion right attaching to the convertible notes.

	<b>Liability component</b> <i>HK\$'000</i>	<b>Equity component</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Issue of convertible notes	282,160	325,290	607,450
Effective interest expenses	12,880	–	12,880
Conversion during the year	<u>(282,296)</u>	<u>(311,481)</u>	<u>(593,777)</u>
At 31 December 2013 (audited) and 1 January 2014	12,744	13,809	26,553
Effective interest expenses	<u>531</u>	<u>–</u>	<u>531</u>
At 30 June 2014 (unaudited)	<u><u>13,275</u></u>	<u><u>13,809</u></u>	<u><u>27,084</u></u>

## 20. SHARE CAPITAL

	<i>Note</i>	<b>Nominal value per share</b> <i>HK\$</i>	<b>Number of share</b> <i>'000</i>	<b>Amount</b> <i>HK\$'000</i>
<b>Authorised:</b>				
At 1 January 2014 and 30 June 2014		0.10	<u>8,000,000</u>	<u>800,000</u>
<b>Issued and fully paid:</b>				
At 1 January 2014		0.10	4,925,620	492,562
Performance shares issued	(1)	0.10	<u>715,523</u>	<u>71,552</u>
At 30 June 2014 (unaudited)		0.10	<u><u>5,641,143</u></u>	<u><u>564,114</u></u>

*Note:*

(1) Reference is made to the circular of the Company dated 23 February 2013 ("Circular") and the Company's announcements dated 19 May 2014, 20 May 2014 and 21 May 2014 in relation to the Acquisition and the issue of Tranche I Performance Shares. Capitalised terms used in this paragraph shall have the same meaning as defined in the Circular. In accordance with the Acquisition Agreement, an aggregate of 715,522,718 Tranche I Performance Shares has been allotted and issued, credited as fully paid, by the Company to the Vendors on 6 June 2014.

## 21. RESERVES

The amounts of the Group's reserves and the movements therein for the Period and the same period of previous year are presented in the unaudited condensed consolidated statement of changes in equity.

## 22. RELATED PARTY TRANSACTIONS

During the Period, the Group entered into the following transactions with related parties:

Name of related party	Nature of transactions	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
KanHan Technologies	Income from provision of business centre services (Note 1)	–	120
成都奧畢	Software development fees (Note 2)	–	5,044
Verde Apparel Limited	Management fee (Note 3)	18	–
Verde Garment Manufacturing Limited	Rental expenses (Note 3)	61	–

### Note 1:

The above transactions were entered into with KanHan Technologies Limited (“KanHan Technologies”), a Hong Kong company which was previously the shareholder of the entire equity interests of KanHan Educational Services Limited (“KanHan EDU”). Mr. Mo Wai Ming, Lawrence is also a common director for both KanHan Technologies and KanHan EDU.

The Group’s disposed wholly owned subsidiary, KanHan EDU, entered into a supply agreement and a business centre service agreement with KanHan Technologies on 19 November 2010 for the sales of website development, electronic learning products and services, and provides business centre services respectively for the term of 3 years. The annual sales cap and service charge during the term of the supply agreement and business centre service agreement shall not exceed HK\$1,000,000 and HK\$300,000 respectively. The transaction constituted continuing connected transaction of the Company under the GEM Listing Rules. Details of the transaction are set out in the Company’s announcement dated 19 November 2010.

### Note 2:

成都奧畢信息技術有限公司 (“成都奧畢”) is owned as to 70% by Mr. Dong Yuguo (“Mr. Dong”) and Mr. Xue Qiushi (“Mr. Xue”) in equal shares. As Mr. Dong and Mr. Xue are the directors of Apperience and members of the Apperience Group, and Mr. Xue is the Executive Director and Chief Executive Officer of the Company with effect from 5 July 2013, upon the completion of acquisition of Apperience on 31 March 2013, the IT consultancy service agreements entered into between Apperience and 成都奧畢 have constituted continuing connected transactions for the Company under the GEM Listing Rules. For the period ended 30 June 2013, the Group paid software development fees amounted to approximately US\$650,000 (equivalent to approximately HK\$5,044,000) to 成都奧畢. The IT consultancy services agreements were early terminated on 10 August 2013. Details of the agreements are set out in the Company’s announcement dated 5 December 2012 and the Company’s circular dated 23 February 2013.

### Note 3:

Lujolujo Asia Limited (“Lujolujo”) entered into a sub-tenancy agreement with Verde Garment Manufacturing Limited on 8 April 2014 and entered into a management services agreement with Verde Apparel Limited on 1 January 2014. Upon the completion of the subscription of 77% of the enlarged issued share capital of Lujolujo on 23 April 2014, Lujolujo has become a subsidiary of the Company. As Mr. Mok Kwan Yat is also a common director of Verde Apparel Limited, Verde Garment Manufacturing Limited and Lujolujo, the above transactions had constituted related party transactions.



## 23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

**Level 1 inputs:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

**Level 2 inputs:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3 inputs:** unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

### (a) Disclosures of level in fair value hierarchy at 30 June 2014 and 31 December 2013

Description	Fair value measurements using:			30 June
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Assets:</b>				
Investment property				
Commercial — Hong Kong ( <i>Note 1</i> )	–	42,000	–	42,000
Available-for-sale financial assets				
Listed securities in Hong Kong	48,061	–	–	48,061
Unlisted investment fund outside Hong Kong	–	–	11,000	11,000
<b>Total recurring fair value measurements</b>	<b>48,061</b>	<b>42,000</b>	<b>11,000</b>	<b>101,061</b>
<b>Liabilities:</b>				
Performance shares	–	–	27,261	27,261
<b>Total recurring fair value measurements</b>	<b>–</b>	<b>–</b>	<b>27,261</b>	<b>27,261</b>

Description	Fair value measurements using:			31 December
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	2013 Total HK\$'000 (Audited)
<b>Assets:</b>				
Investment property				
Commercial — Hong Kong	–	42,000	–	42,000
Available-for-sale financial assets				
Listed securities in Hong Kong	53,778	–	–	53,778
<b>Total recurring fair value measurements</b>	<u>53,778</u>	<u>42,000</u>	<u>–</u>	<u>95,778</u>
<b>Liabilities:</b>				
Performance shares	–	–	104,568	104,568
<b>Total recurring fair value measurements</b>	<u>–</u>	<u>–</u>	<u>104,568</u>	<u>104,568</u>

There was no transfers between Level 1, 2 and 3 during the periods.

*Note 1:*

Investment property included in the “assets of a disposal subsidiary classified as held for sale” in the Unaudited Condensed Consolidated Statement of Financial Position.

**(b)(i) Reconciliation of assets measured at fair value based on level 3:**

Description	Unlisted investment fund fund HK\$'000 (Unaudited)
At 1 January 2014	–
Purchases of unlisted investment fund outside Hong Kong	<u>11,000</u>
At 30 June 2014	<u>11,000</u>

**(ii) Reconciliation of liabilities measured at fair value based on level 3:**

<b>Description</b>	<b>Performance Share HK\$'000</b>
At 1 January 2013	–
Issues	<b>177,186</b>
Total gains recognised in profit or loss	<b>(72,618)</b>
	<hr/>
At 31 December 2013 (audited) and 1 January 2014	<b>104,568</b>
Allotted	<b>(32,914)</b>
Total gains recognised in profit or loss <sup>(#)</sup>	<b>(44,393)</b>
	<hr/>
At 30 June 2014 (unaudited)	<b>27,261</b>
	<hr/> <hr/>
(#) Included in other gains or losses for liabilities held at the end of the Period	<b>44,393</b>
	<hr/> <hr/>

The total gains and losses recognised in profit or loss including those for liabilities held at the end of reporting period are presented in other gains and losses in the statement of profit or loss.

**24. COMMITMENTS**

**(a) Capital commitments**

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Contracted but not provided for:		
— additions to fixed assets	<b>283</b>	–
— acquisition of subsidiaries ( <i>Note 1</i> )	<b>48,000</b>	–
— development costs for intangible assets	<b>14,112</b>	28,223
	<hr/>	<hr/>
	<b>62,395</b>	28,223
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

- (1) On 10 June 2014, the Group entered into a sale and purchase agreement with EPRO Systems Limited for the acquisition of 100% equity interest in e-Perfect IT Limited (“e-Perfect”) at a consideration of HK\$48 million (“Acquisition of e-Perfect”). Pursuant to the sale and purchase agreement, the Company shall issue and allot, credited as fully paid, 186,046,500 consideration shares of HK\$0.01 each at an issue price of approximately HK\$0.258 per consideration share to EPRO Systems Limited or its nominee as settlement of the consideration for the acquisition. The completion of such acquisition took place on 31 July 2014.

**(b) Other commitments**

On 5 February 2014, the Group entered into a conditional sale and purchase agreement in relation to the proposed acquisition of the entire issued share capital of a target at a consideration of HK\$6 million (subject to adjustment). The target is a company incorporated in Hong Kong with limited liability and is a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (“SFO”), subject to conditions imposed by the Securities and Futures Commission of Hong Kong. The target is principally engaged in the business of introducing clients to brokerage firms and securities companies in return for commission. The acquisition of the target is subject to a number of conditions precedent. As at the date of this announcement, the acquisition has not yet completed. Details of the transaction were set out in the Company’s announcement dated 5 February 2014.

**25. EVENTS AFTER THE REPORTING PERIOD**

**(a) Acquisition of 100% equity interest of e-Perfect**

Reference is made to note 24(a)(1) “Commitments” of Notes to the Condensed Consolidated Financial Statements. Subsequent to the end of the reporting period, the transaction of Acquisition of e-Perfect was completed on 31 July 2014. Details of the acquisition were set out in the Company’s announcements dated 10 June 2014 and 31 July 2014.

**(b) Disposal of 51% equity interest of Dragon Oriental**

On 12 June 2014, the Group entered into a sale and purchase agreement with an independent third party for the disposal of 51% of the issued share capital of Dragon Oriental, an indirect wholly-owned subsidiary of the Company, at a cash consideration of HK\$21,700,000 and the Group has received 20% of the consideration, being HK\$4,340,000 as refundable deposit upon signing of the sale and purchase agreement. The principal asset of Dragon Oriental is a property which is currently leased to an independent third party and the valuation of such property was approximately HK\$42,000,000 as at 6 June 2014, which valuation was conducted by an independent professional property valuer. The completion of such disposal has not yet taken place as at the date of this announcement. Details of such disposal were set out in the Company’s announcement dated 12 June 2014.

**(c) Capital Reorganisation**

Reference is made to the circular of the Company dated 24 June 2014 in respect of the Capital Reorganisation. Unless otherwise specified herein, capitalised terms used in this announcement shall have the same meanings as those defined in the circular.

The Capital Reorganisation was approved by the shareholders of the Company at a special general meeting of the Company held on 17 July 2014 and became effective on 18 July 2014. The Capital Reorganisation involved the followings:

*1. Share Consolidation*

The Share Consolidation pursuant to which every four issued and unissued Existing Shares have been consolidated into one Consolidated Share and the total number of Consolidated Shares has been rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation.

*2. Capital Reduction and Share Subdivision*

(a) The issued share capital of the Company has been reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.39 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share has been reduced from HK\$0.40 to HK\$0.01; (b) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.40 each has been sub-divided into 40 New Shares of HK\$0.01 each; and (c) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the reduction of the paid-up capital of the Company of HK\$550,011,506.07 has been credited to the contributed surplus account of the Company within the meaning of the Companies Act.

## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **BUSINESS REVIEW**

During the Period, the Group is committed to continuing its strategy on business diversification. In this connection, during the Period, the Group completed an acquisition of an insurance brokers company, which is registered as a member of the Professional Insurance Brokers Association and is principally engaged in insurance and Mandatory Provident Fund schemes (“MPF”) brokerage business. Meanwhile, the Group has also strengthened its information technology (“IT”) business segment by entering into a sale and purchase agreement on 10 June 2014 to acquire 100% equity interest of e-Perfect, a company principally engaged in the provision of corporate management solutions and IT contract services. The Group completed the Acquisition of e-Perfect on 31 July 2014.

#### **Software Business**

Through holding 50.5% of Apperience, the Group established its foothold in the software market which diversifies its business into the international information technology field and is now engaged in the research, development and distribution of software for personal computer performance, anti-virus software, mobile applications and toolbar advertisement.

Thanks to the brilliant performance of Apperience and its subsidiaries (“Apperience Group”), the Group enjoyed a turnover of HK\$77,284,000 during the Period with the Software Business alone, representing an increase of 190% over the same period last year, and the segment profit amounted to approximately HK\$41,975,000.

MacBooster, a new product of Apperience Group, a system utility software which helps the Mac PC users to speed up and fine tune their OS X system, has been formally launched in the end of 2013. Based on the internal sales database of the Apperience Group, the revenue generated from MacBooster has accumulated over HK\$1,600,000 during the Period.

#### **Money Lending Business**

Pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), the licensing court granted a money lenders licence to Citi Profit Finance Limited, an indirect wholly-owned subsidiary of the Company, last year. The Group also adopted the money lending policy and money lending procedure manual which provide guidelines on the handling and/or monitoring the money lending procedures according to the Money Lenders Ordinance (Chapter 163 of the Laws of the Hong Kong).

The Money Lending Business is now one of the Group’s revenue drivers. The segment profit and its loan interest income amounted to approximately HK\$365,000 and HK\$402,000 respectively. The outstanding principal amount of loan receivables as at 30 June 2014 was approximately HK\$7,000,000.

## **Insurance and MPF Schemes Brokerage Business**

For the better understanding the Group's products and services and allowing the shareholders to assess the Group's risks and returns as well as making more informed judgments about the Group as a whole, the Board identified Insurance and MPF Schemes Brokerage Business which was classified as one of the principal activities of the Group.

On 2 April 2014, the Group completed an acquisition of 100% of issued share capital of GET Mdream Wealth Management Limited ("GET Mdream") (formerly known as Anvick Investment Advisory Limited), a company incorporated in Hong Kong, at a consideration of approximately HK\$1,033,000. GET Mdream is also registered as a member of the Professional Insurance Brokers Association to carry out long term (including linked long term) insurance and general insurance lines of business. GET Mdream is principally engaged in insurance and MPF schemes brokerage business. Details of the acquisition were set out in the Company's announcements dated 28 March 2014 and 2 April 2014.

On 7 July 2014, the Group entered into a subscription agreement with a director of a subsidiary of the Company for the subscription of 49% of the enlarged share capital of GET Mdream after the completion of subscription agreement, at an aggregate consideration of approximately HK\$2,002,000, and the completion of subscription took place after the signing of the subscription agreement. Such transaction did not amount to any notifiable transaction under Chapter 19 of the GEM Listing Rules and was fully exempt from the requirements under Chapter 20 of the GEM Listing Rules.

On 6 August 2014, the Group entered into a memorandum of understanding ("MOU") in relation to a proposed co-operation between the Group and a company incorporated in Hong Kong with limited liability which is principally engaged in the provision of wealth management consulting services and insurance brokerage service ("Target"). Pursuant to the MOU, the Group and the Target intended to invest a total maximum amount of HK\$10 million to co-operate and explore the development of a mobile phone application ("Mobile Phone Application") which was intended to be (i) used for financial planning, formulating retirement pension benefits and calculating retirement age and wealth index; and (ii) acted as a platform to facilitate the sales and marketing network for insurance investment linked products. The Group also intended to acquire shares of the Target. The manner of investment and the consideration for the intended acquisition would be subject to the negotiation between the parties. As at the announcement date, no formal co-operation agreement has been entered into by the parties. Details of the MOU were set out in the Company's announcement dated 6 August 2014.

This business segment is still at the development stage. During the Period, the segment revenue of such business was approximately HK\$514,000 and such business recorded a minor loss of approximately HK\$158,000.

## **E-learning Business**

Due to keen competition in the e-learning market, the operating result is not satisfactory. The E-learning Business recorded no turnover for the Period, and the segment recorded a minor loss of approximately HK\$315,000. The Group will closely monitor the development potential of the market and allocate resources accordingly.

## **Securities Investment Business**

The Group's total fair value in listed shares issued by Hong Kong listed companies and unlisted investment fund as at 30 June 2014 was approximately HK\$59,061,000. During the Period, the segment loss amounted to approximately HK\$159,000. The results of this business segment were due to the volatility of the stock market, as well as the unrealised loss in fair value of its available-for-sale investments was recognised in investment revaluation reserve for the Period was of approximately HK\$12,245,000.

## **FINANCIAL REVIEW**

### **Turnover**

For the Period under review, the turnover of the Group was approximately HK\$80,367,000, representing an increase of approximately 186% compared to the turnover for the six months period ended 30 June 2013 of approximately HK\$28,131,000. The turnover for the Period was mainly contributed by the Software Business.

### **Gross profit**

The gross profit of the Group for the Period increased by 169% to approximately HK\$63,053,000 from approximately HK\$23,426,000 for the corresponding period in 2013.

### **Profit for the Period**

The Group recorded a profit attributable to owners of the Company of approximately HK\$55,100,000 for the Period compared to the loss attributable to owners of the Company of approximately HK\$256,481,000 for the same period in last year.

The Group recorded a net profit of approximately HK\$72,263,000 for the Period, compared to the loss for the corresponding period in 2013 of approximately HK\$248,465,000. The increase in net profit was mainly due to (i) the profit after tax of HK\$37,749,000 contributed by Apperience (a non-wholly owned subsidiary of the Company) and its subsidiaries, which are principally engaged in the research, development and distribution of personal computer performance software, anti-virus software, mobile applications and toolbar advertisement; (ii) the gain of approximately HK\$44,393,000 arising on change in the fair value of performance shares for settling the part of purchase consideration in relation to the acquisition of 50.5% of the issued share capital of Apperience ("Acquisition"), which was completed on 31 March 2013; and (iii) the absence of impairment loss on goodwill in relation to the Acquisition for the Period while the impairment loss on goodwill of approximately HK\$257,496,000 was incurred by the Group for the corresponding period in 2013.



## **Liquidity, financial resources and capital structure**

As at 30 June 2014, the Group's cash and cash equivalents and pledged bank deposit amounted to totalling approximately HK\$80,454,000 (as at 31 December 2013: HK\$71,030,000), which were principally denominated in United States dollar and Hong Kong dollar (2013: Renminbi, United States dollar and Hong Kong dollar).

The Group generally finances its operation using internally generated resources, proceeds raised from issue of convertible notes in previous years and short-term borrowing from an independent third party.

On 14 November 2012, the Company issued convertible notes to Wise Action Limited, an indirect wholly-owned subsidiary of Hong Kong Education (Int'l) Investments Limited, in a principal amount of HK\$20,000,000 as alternative financing instruments. The net proceeds from the convertible notes of approximately HK\$19,500,000 ("Net Proceeds") were planned to be used (i) as to approximately HK\$5,000,000 for financing the business of website development, e-learning products and services; and (ii) as to approximately HK\$14,500,000 for future investments in e-commerce and/or other IT related business as and when opportunities arise. As at 30 June 2014, the Net Proceeds used for e-learning products and services were approximately HK\$1,740,000. On 23 April 2014, the investment in online shopping business of HK\$14,000,000 was financed by the Net Proceeds. The details of the convertible notes were set out in the Company's announcements dated 28 September 2012, 14 November 2012 and 19 March 2013.

Reference is made to the Company's circular ("Circular") dated 23 February 2013 in relation to the very substantial acquisition of 50.5% of the issued share capital of Apperience ("Acquisition") and the announcements of the Company dated 19 May 2014, 20 May 2014 and 21 May 2014 ("Announcements") in relation to the issue of the Tranche I Performance Shares to the Vendors. Capitalised terms used in this paragraph shall have the same meanings as defined in the Circular and Announcements. On 6 June 2014, the Company allotted and issued the 715,522,718 Tranche I Performance Shares, credited as fully paid, to the Vendors which include the Relevant Shareholders, IDG-Accel, IDG-Accel Investors and THL which is a subsidiary of Tencent Holdings Limited.

As mentioned in note 25(c) to the unaudited condensed financial statements for the Period, the Company has undergone the Capital Reorganisation as detailed in the circular of the Company dated 24 June 2014.

As at the date of this announcement, the issued share capital of the Company was HK\$15,963,324.13 divided into 1,596,332,413 ordinary shares of HK\$0.01 each.

## **Gearing ratio**

As at 30 June 2014, the total assets of the Group were approximately HK\$787,932,000 (as at 31 December 2013: HK\$750,754,000), whereas the total liabilities were approximately HK\$114,631,000 (as at 31 December 2013: HK\$161,500,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 14.5% (2013: 21.5%).

## **Interim dividend**

The Directors do not recommend to pay any interim dividend for the Period (2013: HK\$nil).

## **Charges on the Group's Assets**

The Group's pledged bank deposits of approximately US\$80,000 and HK\$1,002,000 (approximately HK\$1,622,000) represented deposits pledged to banks to secure banking facilities to the extent of HK\$1,500,000 granted to the Group. The deposits are in US\$ and HK\$ at fixed interest rate of 0.05% per annum and 0.7% per annum respectively. As at 30 June 2014, the Group had available approximately HK\$1,243,000 of undrawn banking facilities.

As at 30 June 2014, the Group's another pledged bank deposit of HK\$800,000 as guaranteed fund at bank for the Visa/MasterCard merchant account of the online shopping business. The deposit is in HK\$ at fixed interest rate of 0.2% per annum.

As at 30 June 2014, listed securities held by the Group with a total carrying amount of approximately HK\$41,330,000 has been charged in favour of a brokerage firms as collateral for the Group's liabilities in respect of its margin trading account. During the Period, the Group has not used the credit limit.

## **Foreign exchange exposure**

During the Period, the business activities of the Group were mainly denominated in Hong Kong dollars and United States dollars.

Following the completion of the acquisition of Apperience last year, United States dollars became the main currencies transacted by the Group. Since Hong Kong dollars remain pegged to the United States dollars within a defined range, the Group is not exposed to any significant foreign exchange risk against the United States dollars and has not entered into any foreign exchange contract as hedging measures. The Directors did not consider the Group was significantly exposed to any foreign currency exchange risk. Notwithstanding the above, the Group manages its foreign currency risk against other currencies by closely monitoring the movement of the foreign currency rates and may use hedging derivative, such as foreign currency forward contract, to manage its foreign currency risk as appropriate.

## **Financial risk**

The Group's available-for-sale financial assets and performance shares which may be issued in connection with the acquisition of 50.5% of the issued share capital of Apperience are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk due to the fluctuation of share price of available-for-sale financial assets and the changes in the Company's share prices to the extent that the Company's shares underline the fair value of performance shares. The Directors regularly review the exposure to the equity security price risk on the available-for-sale financial assets.

## **Significant investments and disposals**

### *Acquisition of a licensed corporation (Dealing in securities and advising on securities)*

On 5 February 2014, the Group entered into a conditional sale and purchase agreement in relation to the proposed acquisition of the entire issued share capital of a target at a consideration of HK\$6 million (subject to adjustment). The target is a company incorporated in Hong Kong with limited liability and is a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, subject to conditions imposed by the Securities and Futures Commission of Hong Kong. The target is principally engaged in the business of introducing clients to brokerage firms and securities companies in return for commission. The acquisition of the target is subject to a number of conditions precedent. As at the date of this announcement, the acquisition has not yet completed. Details of the transaction were set out in the Company's announcement dated 5 February 2014.

### *Investment in online shopping business*

On 8 April 2014, the Group entered into a subscription agreement in relation to a proposed subscription of 77% of the enlarged issued share capital of a target upon completion at a subscription price of HK\$14,000,000. The target is a company incorporated in Hong Kong with limited liability and is principally engaged in online retail and advertising business under the name of "Funshare.com". The target provides an online shopping platform, through which, the target promotes and markets the goods and services of certain third party suppliers or providers for a fixed commission. The completion of the subscription of shares took place on 23 April 2014. Details of the transaction were set out in the Company's announcements dated 8 April 2014 and 23 April 2014.

### *Acquisition of 100% equity interest of e-Perfect*

Please refer to note 24(a)(1) "Commitments" of Notes to the Condensed Consolidated Financial Statements for details.

### *Disposal of 51% equity interest of Dragon Oriental*

Please refer to note 25(b) "Events after the reporting period" of Notes to the Condensed Consolidated Financial Statements for details.

### *Investment in GET Mdream (Insurance and MPF Schemes Brokerage Business)*

Please refer to "Business Review — Insurance and MPF Schemes Brokerage Business" of this announcement for details.

## **Material acquisitions and disposals**

Apart from those disclosed in the Significant investments and disposals, the section of Business Review and Events after the reporting period in note 25(a) and 25(b) of the Notes to the Condensed Consolidated Financial Statements disclosed above, the Group had no other material acquisition or disposal during the Period.

## **Employees and remuneration policies**

As at 30 June 2014, the Group had approximately 33 employees (as at 31 December 2013: 11 employees) in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdiction where the employees are engaged.

On 24 December 2007, the share option scheme ("Share Option Scheme") was approved by shareholders of the Company in an extraordinary general meeting. The Share Option Scheme is to enable the Company to grant option to either Directors or employees of the Group in order to recognise and motivate their contribution, to provide incentives and to help the Group in retaining its existing employees and recruiting additional quality employees so as to provide them with a direct economic interest in attaining the long term business objectives of the Group. No options were granted under the Share Option Scheme during the Period.

## **Contingent liabilities**

As at 30 June 2014, the Company had contingent liabilities in respect of a corporate guarantee for a loan of HK\$11,000,000 to a subsidiary of the Company granted to an independent third party (as at 31 December 2013: Nil).

## **Capital commitments**

Please refer to note 24 "Commitments" of Notes to the Condensed Consolidated Financial Statements for details.

## **DEALINGS FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has relied on Rules 5.48 to 5.67 of the GEM Listing Rules as the required standard of dealings in respect of any dealings in the Company's securities by the Company's Directors. General and specific enquiries have been made to all Directors and they all confirmed they had complied with the said GEM Listing Rules during the Period.

## **OUTLOOK**

The Group will try to further develop its Software Business by stepping into the Asia market and enhance its product list of Software Business. The Group believes this business has the potential to grow and contribute more to the Group in the coming future.

The Group considered that the acquisition of a licensed corporation which is principally engaged in insurance and MPF brokerage business represents an opportunity for the Group to develop an online trading platform for insurance-related investment products. Looking forward, the Group will continually strive on the development of the insurance and MPF brokerage business.

With careful operation of the existing business mentioned above, the Group will continue to enhance its current products' features, extend its business diversification and look for new potential investment opportunities to bring greater returns to the shareholders of the Company.

## **OTHER INFORMATION**

### **DIRECTORS' INTERESTS IN CONTRACT**

A copyright licence agreement (“Copyright Licence Agreement”) has been entered into between Apperience as licensee and Chengdu AOBI Information Technology Co., Ltd. (“PRC Company”) (a company owned as to 35% by Mr. Xue Qiushi (“Mr. Xue”), an executive Director of the Company), as licensor on 18 February 2013 pursuant to which the PRC Company shall grant to Apperience an exclusive licence to use the copyright of “Advanced SystemCare” registered in the name of the PRC Company in the PRC at nil consideration for a period from the date of the Copyright Licence Agreement to (i) the date on which the relevant copyright is transferred from the PRC Company and registered in the name of Apperience in the PRC; and (ii) the date on which the copyright of “Advanced SystemCare” has been registered in the name of Apperience in the US (whichever is the earlier).)

Save for the Copyright Licence Agreement in which Mr. Xue (an executive Director of the Company) is interested through his shareholding in the PRC Company, none of the Directors was materially interested in any contract of significance or arrangement subsisting as at 30 June 2014 which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group at the end of the Period or at any time during the Period.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**

As at 30 June 2014, save as disclosed below, none of the Directors nor chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), Chapter 571 under the laws of Hong Kong) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange:

**Aggregate long positions in shares and underlying shares of the Company**

Name of the Director	Capacity in which the ordinary shares of the Company (“Shares”) and underlying shares are held	Number of Shares and underlying shares	Approximate percentage of the Company’s issued share capital (Note 1)
Xue Qiushi (“Mr. Xue”)	Interest in a controlled corporation and interests deemed under sections 317(1)(a) and 318 of the SFO (Note 2)	1,606,472,451	28.47%

*Notes:*

1. The total number of the 5,641,143,653 Shares in issue as at 30 June 2014 have been used for the calculation of the approximate percentage.
2. Ace Source International Limited (“Ace Source”) (being one of the substantial shareholders of the Company whose interests are set out in the section headed “Interests discloseable under the Securities and Futures Ordinance (the “SFO”) and substantial shareholders and other persons interest in securities” in this announcement) is wholly and beneficially owned by Mr. Xue. As such, Mr. Xue is deemed to be interested in all the Shares/underlying Shares held by Ace Source pursuant to Part XV of the SFO. Based on the Director’s/Chief Executive’s Notice — Interests in Shares of Listed Corporation filed by Mr. Xue on 11 June 2014, among these 1,606,472,451 Shares/underlying Shares, 890,949,733 of which were underlying Shares with an exercise period from 31 March 2013 to 31 March 2017 and can be exercised at the exercise price of HK\$0.108 per Share.

**Aggregate long positions in shares and underlying shares of the associated corporation of the Company**

<b>Name of the Director</b>	<b>Name of the associated corporation</b>	<b>Capacity in which the shares are held</b>	<b>Number of shares</b>	<b>Approximate percentage of the associated corporation's issued share capital</b>
Mr. Xue	Apperience	Interest in a controlled corporation ( <i>Note</i> )	3,882,391	18.79%

*Note:* Ace Source is wholly and beneficially owned by Mr. Xue. As such, Mr. Xue is deemed to be interested in all the shares held by Ace Source in Apperience (being an associated corporation of the Company) pursuant to Part XV of the SFO.

**Aggregate long positions in debentures of the Company**

<b>Name of Director</b>	<b>Capacity in which the debentures are held</b>	<b>Amount of debentures</b>
Mr. Xue	Other ( <i>Note</i> )	HK\$16,646,025

*Note:* Ace Source is wholly and beneficially owned by Mr. Xue. As such, Mr. Xue is deemed to be interested in all the debentures held by Ace Source pursuant to Part XV of the SFO.

Mr. Xue was appointed as an executive Director on 5 July 2013. Ace Source is a company wholly and beneficially owned by Mr. Xue and therefore he is deemed to be interested in all the shares and underlying shares of the Company held by Ace Source pursuant to Part XV of the SFO. Interests in shares and underlying shares of the Company in which Ace Source is interested are set out in the paragraph headed “Interests discloseable under the Securities and Futures Ordinance (the “SFO”) and substantial shareholders and other persons interest in securities” in this announcement. Mr. Xue is also the sole director of Ace Source.

**DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save for the zero coupon convertible notes issued by the Company in accordance with the acquisition agreement in relation to an acquisition of 50.5% of the issued share capital of Apperience on 15 November 2012 and the performance shares which may be issued by the Company in accordance with the terms and conditions of such acquisition agreement in which Mr. Xue is interested (through his holding of shares in Ace Source, being one of the vendors of the acquisition), at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

## SHARE OPTION SCHEME

On 24 December 2007, the existing share option scheme was approved by shareholders of the Company at an extraordinary general meeting. Such scheme is to enable the Company to grant option to either Directors or employees and recruiting additional quality employees and to provide them with a direct economic interest in attaining the long term business objective of the Group.

On 19 May 2011, the Company has granted 6,200,000\* share options to a consultant of the Company under the scheme at the exercise price of HK\$0.116\* per share.

Details of the movements in the share options granted under the Share Option Scheme during the Period are as follows:

Date of grant	Exercise period	Exercise price per share <i>HK\$</i>	Number of share options				Outstanding as at 30 June 2014 <i>'000</i>
			Outstanding as at 1 January 2014 <i>'000</i>	Granted during the Period	Exercised during the Period	Lapsed during the Period	
19 May 2011	20 May 2011 to 19 May 2014	0.116*	6,200*	-	-	6,200*	-

\* After the adjustment for share consolidation dated 18 July 2011.

The details of share options granted are set out in the Company's announcement dated 19 May 2011. The details of share consolidation are set out in Company's announcements dated 13 June 2011, 15 June 2011, and 15 July 2011, the circular dated 27 June 2011, and the next day disclosure return dated 18 July 2011.



**INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE (THE “SFO”) AND SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS INTEREST IN SECURITIES**

**Substantial shareholders**

As at 30 June 2014, the following persons (other than Directors or chief executives of the Company) had, or were deemed or taken to have interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of SFO:

**Long positions in the Shares and underlying Shares**

Substantial shareholders	Capacity in which the Shares and underlying Shares are held	Number of Shares and underlying Shares	Approximate percentage of the Company’s issued share capital <i>Note (16)</i>	<i>Notes</i>
Wise Action Limited (“Wise Action”)	Beneficial owner	409,607,915	7.26%	(1)
Rosy Lane Investments Limited (“Rosy Lane”)	Interest of a controlled corporation	409,607,915	7.26%	(1)
Hong Kong Education (Int’l) Investments Limited (“HK EDU INTL”)	Interest of a controlled corporation	409,607,915	7.26%	(1)
Access Magic Limited (“Access Magic”)	Beneficial owner and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(2)
Dong Yuguo (“Mr. Dong”)	Interest of a controlled corporation and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(2), (3)
Ace Source	Beneficial owner and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(4)
Wealthy Hope Limited (“Wealthy Hope”)	Beneficial owner and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(5)
Chen Liang (“Mr. Chen”)	Interest of a controlled corporation and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(5), (6)

Substantial shareholders	Capacity in which the Shares and underlying Shares are held	Number of Shares and underlying Shares	Approximate percentage of the Company's issued share capital <i>Note (16)</i>	<i>Notes</i>
Well Peace Global Limited (“Well Peace”)	Beneficial owner and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(7)
Lian Ming (“Mr. Lian”)	Interest of a controlled corporation and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(7), (8)
IDG-Accel China Growth Fund II L.P. (“IDG-Accel”)	Beneficial owner and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(9)
IDG-Accel China Investors II L.P. (“IDG-Accel Investors”)	Beneficial owner and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(10)
IDG-Accel China Growth Fund II Associates L.P. (“IDG-Accel II Associates”)	Interest of a controlled corporation	1,606,472,451	28.47%	(9), (10), (11)
IDG-Accel China Growth Fund GP II Associates Ltd. (“IDG-Accel GP II”)	Interest of a controlled corporation	1,606,472,451	28.47%	(9), (10), (11)
Zhou Quan (“Mr. Zhou”)	Interest of a controlled corporation	1,606,472,451	28.47%	(9), (10), (11)
Ho Chi Sing (“Mr. Ho”)	Interest of a controlled corporation	1,606,472,451	28.47%	(9), (10), (11)
THL A1 Limited (“THL”)	Beneficial owner and interests deemed under sections 317(1)(a) and 318 of the SFO	1,606,472,451	28.47%	(12)
Tencent Holdings Limited (“Tencent”)	Interest of a controlled corporation	1,606,472,451	28.47%	(12)
MIH TC Holdings Limited (“MIH TC Holdings”)	Interest of a controlled corporation	1,606,472,451	28.47%	(12), (13)
MIH (Mauritius) Limited (“MIH Mauritius”)	Interest of a controlled corporation	1,606,472,451	28.47%	(12), (13), (14)
MIH Ming He Holdings Limited (“MIH Ming He”)	Interest of a controlled corporation	1,606,472,451	28.47%	(12), (13), (14)

Substantial shareholders	Capacity in which the Shares and underlying Shares are held	Number of Shares and underlying Shares	Approximate	Notes
			percentage of the Company's issued share capital <i>Note (16)</i>	
MIH Holdings (Proprietary) Limited ("MIH Proprietary")	Interest of a controlled corporation	1,606,472,451	28.47%	(12), (13), (14)
Naspers Limited ("Naspers")	Interest of a controlled corporation	1,606,472,451	28.47%	(12), (13), (14)
EPRO Systems Limited ("EPRO Systems")	Beneficial owner	744,186,000	13.19%	(15)
ePRO (BVI) Limited ("ePRO")	Interest of a controlled corporation	744,186,000	13.19%	(15)
DX.com Holdings Limited ("DX.com")	Interest of a controlled corporation	744,186,000	13.19%	(15)

*Notes:*

- (1) Wise Action is wholly and beneficially owned by Rosy Lane. Rosy Lane is wholly owned by HK EDU INTL. Each of HK EDU INTL and Rosy Lane was deemed to be interested in all the 409,607,915 Shares held by Wise Action pursuant to Part XV of the SFO.
- (2) Access Magic was interested in 286,590,763 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 1,319,881,688 Shares/underlying Shares in accordance with sections 317(1)(a) and 318 of the SFO. Among these 1,606,472,451 Shares/underlying Shares, 890,949,733 of which were underlying Shares.
- (3) Access Magic is wholly and beneficially owned by Mr. Dong. As such, Mr. Dong is deemed to be interested in all the Shares/underlying Shares held by Access Magic pursuant to Part XV of the SFO.
- (4) Ace Source was interested in 406,016,895 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 1,200,455,556 Shares/underlying Shares in accordance with sections 317(1)(a) and 318 of the SFO. Among these 1,606,472,451 Shares/underlying Shares, 890,949,733 of which were underlying Shares. Ace Source is wholly and beneficially owned by Mr. Xue. As such, Mr. Xue is deemed to be interested in all the Shares/underlying Shares held by Ace Source. Mr. Xue's interests in the Shares and underlying Shares of the Company are disclosed in the paragraph headed "Directors' and Chief Executives' Interests or Short Positions in the Shares, Underlying Shares or Debentures of the Company or any Associated Corporations" in this announcement. Mr. Xue is a director of Ace Source.
- (5) Wealthy Hope was interested in 71,644,061 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 1,534,828,390 Shares/underlying Shares in accordance with sections 317(1)(a) and 318 of the SFO. Among these 1,606,472,451 Shares/underlying Shares, 890,949,733 of which were underlying Shares.
- (6) Wealthy Hope is wholly and beneficially owned by Mr. Chen. As such, Mr. Chen is deemed to be interested in all the Shares/underlying Shares held by Wealthy Hope pursuant to Part XV of the SFO.
- (7) Well Peace was interested in 71,644,061 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 1,534,828,390 Shares/underlying Shares in accordance with sections 317(1)(a) and 318 of the SFO. Among these 1,606,472,451 Shares/underlying Shares, 890,949,733 of which were underlying Shares.

- (8) Well Peace is wholly and beneficially owned by Mr. Lian. As such, Mr. Lian is deemed to be interested in all the Shares/underlying Shares held by Well Peace pursuant to Part XV of the SFO.
- (9) IDG-Accel was interested in 512,851,216 Shares/underlying Shares as the beneficial owner and was deemed to be interested in 1,093,621,235 Shares/underlying Shares in accordance with sections 317(1)(a) and 318 of the SFO. Among these 1,606,472,451 Shares/underlying Shares, 890,949,733 of which were underlying Shares.
- (10) IDG-Accel Investors was interested in 41,943,654 Shares/underlying Shares as the beneficial owner and was deemed to be interested in 1,564,528,797 Shares/underlying Shares in accordance with sections 317(1)(a) and 318 of the SFO. Among these 1,606,472,451 Shares/underlying Shares, 890,949,733 of which were underlying Shares.
- (11) IDG-Accel GP II owns the entire equity interest in each of IDG-Accel II Associates and IDG-Accel Investors. IDG-Accel GP II is 50% owned by Mr. Ho and 50% owned by Mr. Zhou. As such, each of Mr. Ho, Mr. Zhou and IDG-Accel GP II was deemed to be interested in all the Shares/underlying Shares held by IDG-Accel II Associates and IDG-Accel Investors.

IDG-Accel is wholly-owned by IDG-Accel II Associates. As such, IDG-Accel II Associates was deemed to be interested in all the Shares/underlying Shares held by IDG-Accel pursuant to Part XV of the SFO.

- (12) Based on the corporate substantial shareholder notice filed by Tencent on 11 June 2014, THL is wholly owned by Tencent and as such, Tencent is deemed to be interested in all 1,606,472,451 Shares/underlying Shares held by its controlled corporation THL pursuant to Part XV of the SFO. THL was interested in 215,781,799 Shares/underlying Shares in the capacity of beneficial owner and 1,390,690,652 Shares/underlying Shares in other capacities. Among these 1,606,472,451 Shares/underlying Shares, 890,749,733 of which were underlying Shares.
- (13) Based on the corporate substantial shareholder notice filed by MIH TC Holdings on 17 June 2014, THL is wholly owned by Tencent and Tencent is 33.77% owned by MIH TC Holdings. As such, MIH TC Holdings is deemed to be interested in all the 1,606,472,451 Shares/underlying Shares held by its controlled corporations THL and Tencent pursuant to Part XV of the SFO.
- (14) Based on the corporate substantial shareholder notice filed by Naspers on 17 June 2014, THL is wholly owned by Tencent, Tencent is 33.77% owned by MIH TC Holdings, which is in turn 90% owned by MIH Mauritius. MIH Mauritius is wholly owned by MIH Ming He, which is in turn wholly owned by MIH Proprietary. MIH Proprietary is wholly owned by Naspers. Based on the above relationship, each of MIH Mauritius, MIH Ming He, MIH Proprietary and Naspers is deemed to be interested in all the 1,606,472,451 Shares/underlying Shares held by their controlled corporations pursuant to Part XV of the SFO.
- (15) EPRO Systems was interested in 744,186,000 Shares in the Company as a beneficial owner. EPRO Systems is wholly and beneficially owned by ePRO. ePRO is wholly-owned by DX.com. Each of ePRO and DX.com was deemed to be interested in all the 744,186,000 Shares held by EPRO Systems pursuant to Part XV of the SFO.
- (16) The total number of the 5,641,143,653 Shares in issue as at 30 June 2014 have been used for the calculation of the approximate percentage.

Save as disclosed above, as at 30 June 2014, so far as is known to the Directors, there is no other person who had, or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of SFO.

## **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to note 22 “Related Party Transactions” of Notes to the Condensed Consolidated Financial Statements and the section of Significant investments and disposals of this announcement. The total amount of related party transactions for the Period disclosed in note 22 “Related Party Transactions” of Notes to the Condensed Consolidated Financial Statements were also classified as the continuing connected transactions of the Group under the GEM Listing Rules. Such transactions did not amount to any notifiable transactions under Chapter 19 of the GEM Listing Rules and were fully exempt from the requirements under Chapter 20 of the GEM Listing Rules.

## **APPOINTMENT AND RESIGNATION OF DIRECTORS**

Mr. Yip Chi Fai Stevens was appointed as an independent non-executive Director with effect from 2 January 2014 and his biographical details were set out in the announcement of the Company dated 2 January 2014.

Ms. Xiao Yiming was appointed as an independent non-executive Director with effect from 17 January 2014 and her biographical details were set out in the announcement of the Company dated 17 January 2014.

Mr. Yu Pak Yan, Peter resigned as an independent non-executive Director with effect from 29 January 2014 in order to devote more time to his business.

Ms. Chan Hoi Ling resigned as an independent non-executive Director with effect from 10 February 2014 in order to devote more time to her business.

Mr. Chi Chi Hung Kenneth retired as an executive Director and Chairman of the Board with effect from 4 June 2014 in order to devote more time to his business.

Mr. Kuang Hao Kun Giovanni was appointed as an executive Director and Chairman of the Board with effect from 9 June 2014 and his biographical details were set out in the announcement of the Company dated 9 June 2014.

## **CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

The Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited changed its address from 26/F, Tesbury Centre, 28 Queens’s Road East, Hong Kong to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014.

## **CHANGE OF DOMICILE**

On 19 December 2013, the change of domicile of the Company 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 (“Change of Domicile”) and to adopt memorandum of continuance and Bye-laws in connection with the Change of Domicile was approved by the shareholders of the Company at the extraordinary general meeting of the Company. The Change of Domicile and the adoption of the memorandum of continuance and Bye-laws of the Company became effective on 9 January 2014 (Bermuda time). The memorandum and articles of association of the Company ceased to be effective upon the Change of Domicile became effective on 9 January 2014 (Bermuda time). The details of the adoption of Company’s memorandum of continuance and Bye-laws were disclosed in the Company’s circular dated 26 November 2013 and Company’s announcements dated 12 November 2013, 19 December 2013 and 10 January 2014. An updated version of the Company’s memorandum of continuance and Bye-laws is available on both the websites of the Stock Exchange and the Company.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

## **LITIGATION**

On 19 June 2014, the Company announced that Apperience and BlueSprig, Inc. (“BlueSprig”), both being non-wholly owned subsidiaries of the Company, have been named as defendants in a litigation (“Litigation”) filed in the United States District Court for the Northern District of California (“US Court”). The Litigation was pleaded as a class action by an individual as plaintiff (“Plaintiff”) (on his own behalf and on behalf of other purchasers of Advanced SystemCare PRO product (“ASC”)) against Apperience and BlueSprig in respect of ASC, one of the principal products marketed by Apperience to combat malware and improve computer performance.

In the Litigation, the Plaintiff alleged, among other things, that ASC did not perform as advertised and that the free trial version of ASC induced consumers to purchase the full version of ASC by providing misleading diagnostic scans. The Plaintiff alleged damages of at least US\$5,000,000 as well as relevant legal fees.

The Group has instructed its legal counsel in the United States (“US Legal Counsel”) to defend against the Litigation and to deal with all legal matters in relation thereto. US Legal Counsel filed a motion to dismiss the Plaintiff’s claims in their entirety on 25 July 2014 arguing to the U.S. court that the claims fail to state claims cognizable under US law. The Group understands that to seek damages on behalf of a class of purchasers, the Plaintiff must convince the US Court that class proceedings are appropriate under the circumstances. US Legal Counsel intends to oppose certification of the litigation as a class action on the ground that, among other things, individualized issues will predominate over common issues of law or fact. As at the date of this announcement, the Litigation has not yet been certified as a class action.

The legal process of the Litigation is in its preliminary stage and the Company is actively following up the lawsuit and evaluating the potential impact. The Company will make further announcement(s) to inform its shareholders and potential investors of any material development of the lawsuit as and when appropriate.

## **COMPETING INTEREST**

None of the Directors or their respective associates (within the meaning of the GEM Listing Rules) has any business or interest in any business which competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the Period.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining corporation governance of high standard and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximizing returns to shareholders.

During the Period, the Company has complied with the code provisions set out in Appendix 15 to the GEM Listing Rules (the “Code Provision”), except for Code Provision A.2.1.

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Since the former Chairman of the Company, Mr. Chi Chi Hung Kenneth, retired on 4 June 2014, Mr. Xue Qiushi, the Chief Executive Officer of the Company, has temporarily taken up the role as Chairman of the Company for a transitional period with a view to identifying a suitable candidate. Subsequently on 9 June 2014, the Company appointed Mr. Kuang Hao Kun Giovanni, as an executive Director and the Chairman of the Company and the Company has duly complied with the Code Provision A.2.1 since 9 June 2014.

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee members as at the date of this announcement are Mr. Yip Chi Fai Stevens, Mr. Lam Kit Sun and Ms. Xiao Yiming. They are the independent non-executive Directors of the Company. The Audit Committee’s principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The Group’s unaudited consolidated results for the Period and this announcement have been reviewed and discussed by the Audit Committee before any disclosure and release of information.

## SUFFICIENCY OF PUBLIC FLOAT

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

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders for their support to the Company.

On behalf of the Board  
**M Dream Inworld Limited**  
**Kuang Hao Kun Giovanni**  
*Chairman*

12 August 2014

*As at the date of this announcement, the Board consists of two Executive Directors, namely Mr. Kuang Hao Kun Giovanni and Mr. Xue Qiushi; and three Independent Non-Executive Directors, namely Mr. Lam Kit Sun, Mr. Yip Chi Fai Stevens and Ms. Xiao Yiming.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at <http://www.mdreaminworld.com.hk>.*