THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Share Offer, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Aurum Pacific (China) Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Share Offer contained herein.

Chiu Ngai Hung

AURUM PACIFIC (CHINA) GROUP LIMITED
奧栢中國集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8148)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN AURUM PACIFIC (CHINA) GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH HIM)

Financial adviser to the Offeror

英皇融資有限公司
Emperor Capital Limited

Financial Adviser to Aurum Pacific (China) Group Limited

NEW SPRING CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

Beijing Securities Limited
北京證券有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed ''Definitions'' in this Composite Document.

A letter from Emperor Capital containing, among other things, details of the terms of the Share Offer is set out on pages 8 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 24 of this Composite Document. A letter from the Independent Board Committee containing its advice on the Share Offer to the Independent Shareholders is set out on pages 25 to 27 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages 28 to 49 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer and other related information are set out on pages I–1 to I–10 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Share Offer should be received by the Registrar by not later than 4:00 p.m. on Tuesday, 12 December 2017 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

Any persons (including, without limitation, custodians, nominees and trustees) who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any actions. It is the responsibility of each Overseas Shareholder wishing to accept the Share Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities, regulatory and/or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Share Offer.

The Composite Document will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for seven days from the date of its publication and on websites of the Stock Exchange at www.hkexnews.hk and the Company at www.aurumpacific.com.hk as long as the Share Offer remains open.

21 November 2017

CHARACTERISTICS OF GEM

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

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

The principal means of information dissemination on GEM is publication on the website of the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, Shareholders and prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

The expected timetable set out below is indicative only and further announcement(s) will be jointly made by the Offeror and the Company in the event of any changes to the timetable. Unless otherwise specified, all time and date in this Composite Document refer to Hong Kong time and dates.

Event	**Time & Date**
Despatch date of this Composite Document and the Form of Acceptance *(Note 1)*	Tuesday, 21 November 2017
Share Offer open for acceptance *(Note 1)*	Tuesday, 21 November 2017
Latest time and date for acceptance of the Share Offer *(Note 2)*	4:00 p.m. on Tuesday, 12 December 2017
Closing Date of the Share Offer *(Note 2)*	Tuesday, 12 December 2017
Announcement of the results of the Share Offer as at the Closing Date (or its extension or revision, if any) to be posted on the website of the Stock Exchange *(Note 2)*	Not later than 7:00 p.m. on Tuesday, 12 December 2017
Latest date of posting of remittances in respect of valid acceptances received under the Share Offer *(Note 3)*	Thursday, 21 December 2017

Note 1: The Share Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Share Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed "4. Right of Withdrawal" in Appendix I to this Composite Document.

Note 2: In accordance with the Takeovers Code, the Share Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance of the Share Offer is 4:00 p.m. on Tuesday, 12 December 2017. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange no later than 7:00 p.m. on Tuesday, 12 December 2017 as to whether the Share Offer has been revised, extended or expired. In the event that the Offeror decides to revise or extend the Share Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Share Offer is closed to those Shareholders who have not accepted the Share Offer.

Note 3: Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Share Offer) payable for the Offer Shares under the Share Offer will be posted to the accepting Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days of the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

Note 4: If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal:

(a) in force in Hong Kong before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Share Offer, the latest time for acceptance of the Share Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

(b) in force in Hong Kong between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Share Offer, the latest time for acceptance of the Share Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

All reference to the time and dates contained in this Composite Document refer to Hong Kong time and date.

Save as mentioned above, if the latest time for the acceptance of the Share Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

"Acquired Shares"	the 256,530,000 Shares acquired by the Offeror pursuant to the SPAs;
"acting in concert"	has the meaning ascribed to it in the Takeovers Code;
"associate"	has the meaning ascribed to it in the Takeovers Code;
"Board"	the board of Directors;
"Business Day(s)"	a day on which the Stock Exchange is open for transaction of business;
"CCASS"	the Central Clearing and Settlement System;
"Closing Date"	12 December 2017, being the closing date of the Share Offer, or if the Share Offer is extended, any subsequent closing date of the Share Offer as extended and announced jointly by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code;
"Company"	Aurum Pacific (China) Group Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the GEM (stock code: 8148);
"Completion"	completion of the SPAs;
"Composite Document"	this composite offer and response document dated 21 November 2017;
"connected person(s)"	has the meaning ascribed to it in the GEM Listing Rules;
"Director(s)"	director(s) of the Company;

"Emperor Capital"	Emperor Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror in respect of the Share Offer;
"Emperor Securities"	Emperor Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
"Facility"	a loan facility of up to HK$135 million granted by Emperor Securities to the Offeror;
"Facility Agreement"	the loan agreement dated 26 October 2017 (as supplemented on 31 October 2017) entered into between Emperor Securities as lender and the Offeror as borrower relating to the granting of the Facility;
"Form of Acceptance"	the form of acceptance in respect of the Share Offer accompanying this Composite Document;
"GEM"	the Growth Enterprise Market of the Stock Exchange;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;

"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive directors, namely Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai, who have no direct or indirect interest in the Share Offer, established for the purpose of advising and giving a recommendation to the Independent Shareholders in respect of the Share Offer and in particular as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer;
"Independent Financial Adviser" or "Beijing Securities"	Beijing Securities Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee in respect of the Share Offer;
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with him;
"Joint Announcement"	the joint announcement issued by the Offeror and the Company dated 31 October 2017;
"Last Trading Day"	26 October 2017, being the last trading day of the Shares before the publication of the Joint Announcement;
"Latest Practicable Date"	17 November 2017, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document;
"Mr. Boyraci"	Mr. Osman Boyraci, being one of the Vendors;
"Mr. Chiu" or "Offeror"	Mr. Chiu Ngai Hung (趙毅雄);
"Mr. Wong"	Mr. Wong Tai Kuen, being one of the Vendors;

"New Spring Capital Limited"	New Spring Capital Limited (to be renamed as Success New Spring Capital Limited), a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Company in respect of the Share Offer;
"Noble Ace"	Noble Ace Investments Limited, a company incorporated in the British Virgin Islands with limited liability, being one of the Vendors, which is wholly and beneficially owned by Mr. Lau Yu;
"Offer Period"	has the meaning given to it in the Takeovers Code, being the period commencing on 31 October 2017 and ending on the Closing Date;
"Offer Price"	the price of HK$0.138 per Offer Share payable by the Offeror to the Independent Shareholders for each Offer Share accepted under the Share Offer;
"Offer Share(s)"	all the Shares in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him;
"Offeror Existing Shares"	the 575,542,000 Shares, representing approximately 52.87% of the total number of Shares in issue, held by the Offeror as at the Latest Practicable Date;
"Overseas Shareholders"	Independent Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong;
"Registrar"	Tricor Tengis Limited, the Company's branch share registrar and transfer office in Hong Kong located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong;
"Relevant Period"	the period commencing on 30 April 2017, being the date falling six months preceding 31 October 2017, being the date of the Joint Announcement, up to and including the Latest Practicable Date;

"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share Offer"	the unconditional mandatory cash offer being made by Emperor Capital on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code;
"Shareholders"	holders of the Shares;
"Shares"	the ordinary shares of HK$0.04 each in the capital of the Company;
"SPAs"	SPA 1, SPA 2 and SPA 3, collectively;
"SPA 1"	the sale and purchase agreement dated 26 October 2017 entered into between Mr. Boyraci as vendor and the Offeror as purchaser in relation to the sale and purchase of 138,510,000 Shares;
"SPA 2"	the sale and purchase agreement dated 26 October 2017 entered into between Noble Ace as vendor and the Offeror as purchaser in relation to the sale and purchase of 63,700,000 Shares;
"SPA 3"	the sale and purchase agreement dated 26 October 2017 entered into between Mr. Wong as vendor and the Offeror as purchaser in relation to the sale and purchase of 54,320,000 Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers;
"Vendors"	Mr. Boyraci, Noble Ace and Mr. Wong; and
"%"	per cent.

英皇融資有限公司
Emperor Capital Limited

28/F, Emperor Group Centre
288 Hennessy Road
Wanchai, Hong Kong

21 November 2017

To the Independent Shareholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN AURUM PACIFIC (CHINA) GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH HIM)

(I) INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SPAs and the Share Offer. On 26 October 2017, the Offeror as purchaser entered into the SPAs with Mr. Boyraci, Noble Ace and Mr. Wong as Vendors respectively, pursuant to which the Offeror agreed to acquire 138,510,000 Shares from Mr. Boyraci at a consideration of HK$19,114,380, 63,700,000 Shares from Noble Ace at a consideration of HK$8,790,600 and 54,320,000 Shares from Mr. Wong at a consideration of HK$7,496,160, equivalent to HK$0.138 per Acquired Share.

Other than the consideration under the SPAs, no other consideration, compensation or benefits in whatever form have been provided by the Offeror or his concert parties to Mr. Boyraci, Noble Ace and Mr. Wong or their respective concert parties.

There is no special deal (under Rule 25 of the Takeovers Code) between the Offeror and his concert parties on one hand and Mr. Boyraci, Noble Ace and Mr. Wong and their respective concert parties on the other hand.

Immediately prior to the entering into of the SPAs, the Offeror was interested in 319,012,000 Shares, representing approximately 29.30% of the entire issued share capital of the Company. Immediately after Completion, the Offeror and the parties acting in concert with him (excluding the Vendors) is interested in 575,542,000 Shares, representing approximately 52.87% of the entire issued share capital of the Company.

As a result of the Completion, the Offeror holds 52.87% of the voting rights of the Company and has therefore incurred an obligation to make an unconditional mandatory offer under the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

This letter forms part of this Composite Document and sets out, among other things, details of the Share Offer, information of the Offeror and its intention in relation to the Group. Further details on the terms and the procedures for acceptances of the Share Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Share Offer.

(II) THE SHARE OFFER

The Share Offer

As at the Latest Practicable Date, the Company has 1,088,640,000 Shares in issue. Save for the 1,088,640,000 issued Shares, the Company has no outstanding securities, options, warrants, derivatives or convertible right which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Emperor Capital hereby makes the Share Offer for and on behalf of the Offeror on the terms set out in this Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.138 in cash

The Offer Price of HK$0.138 per Offer Share under the Share Offer is the same as the purchase price per Acquired Share paid by the Offeror in the SPAs. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, claims, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends, distributions and any return of capital, if any, declared, paid or made or agreed to be made on or after the date of despatch of this Composite Document.

Comparison of Value

The Offer Price of HK$0.138 per Offer Share represents:

1. the closing price of HK$0.138 per Share quoted on the Stock Exchange on the Latest Practicable Date;

2. a premium of approximately 1.47% over the last trading price of HK$0.136 per Share as quoted on the Stock Exchange on, the Last Trading Day;

3. a premium of approximately 3.76% over the average closing price of HK$0.133 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

4. a premium of approximately 17.95% over the average closing price of HK$0.117 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

5. a premium of approximately 35.29% over the average closing price of HK$0.102 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;

6. a discount of approximately 45.67% to the audited consolidated net assets value attributable to the Shareholders of approximately HK$0.254 per Share as at 31 December 2016, the date to which the latest audited consolidated financial results of the Company were made up and calculated based on 1,088,640,000 Shares in issue as at the Latest Practicable Date; and

7. a discount of approximately 47.53% to the unaudited consolidated net assets value attributable to the Shareholders of approximately HK$0.263 per Share as at 30 June 2017, the date to which the latest unaudited consolidated financial results of the Company were made up and calculated based on 1,088,640,000 Shares in issue as at the Latest Practicable Date.

Market Prices

The table below shows the closing prices per Share on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing Price**
	HK$
28 April 2017	0.120
31 May 2017	0.098
30 June 2017	0.117
31 July 2017	0.098
31 August 2017	0.087
29 September 2017	0.096
26 October 2017 (being the Last Trading Day)	0.136
17 November 2017 (being the Latest Practicable Date)	0.138

Highest and Lowest Share Prices

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK$0.160 per Share on 6 June 2017 and HK$0.084 per Share on 16 August 2017 respectively.

Value of the Share Offer

On the basis of 1,088,640,000 Shares in issue, of which the Offeror holds 575,542,000 Shares, as at the date of this Composite Document, the number of Shares subject to the Share Offer is 513,098,000 and the total consideration for the Share Offer based on the Offer Price will be valued at approximately HK$70,807,524.

Financial Resources Available to the Offeror

The Offeror has paid the consideration under the SPAs by the Facility. The Offeror intends to fund the consideration payable under the Share Offer in full by the Facility. Emperor Capital, being the financial adviser to the Offeror in respect of the Share Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Share Offer.

Pursuant to the arrangement of the Facility, amongst others, the Offeror has pledged all his shareholding of 575,542,000 Shares and the Shares to be acquired by the Offeror under the Share Offer (if any) in favour of Emperor Securities, and such arrangement will not result in a change of the voting rights of the Company before the enforcement of the relevant charge. At as the Latest Practicable Date, Emperor Securities and the Offeror are not aware of any circumstances which may lead to enforcement of the relevant charge. The collateralized Shares shall be released to the Offeror immediately upon full repayment of all the outstanding amounts of the Facility and the interest thereon.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the Facility will depend to any significant extent on the business of the Company.

Compulsory Acquisition

The Offeror does not intend to avail himself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date.

Effect of Accepting the Offer

By accepting the Share Offer, Independent Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive all dividends, distributions and any return of capital, if any, declared, paid or made or agreed to be made on or after the date on which the Share Offer is made, being the date of despatch of this composite document. The making of the Share Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Independent Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

Acceptance of the Share Offer would be irrevocable and would not be capable of being withdrawn, subject to the provision of the Takeovers Code.

Settlement

Settlement of the consideration for the Offer Shares will be made in cash as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by or on behalf of the Offeror to render each such acceptance complete and valid.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer is calculated at a rate of 0.1% (HK$1.00 for every HK$1,000 (or part thereof)) of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable by the Offeror to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer.

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Share Offer. None of the Offeror, parties acting in concert with him, the Company, Emperor Capital, Emperor Securities and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

Overseas Shareholders

The availability of the Share Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the sole responsibilities of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

(III) INFORMATION OF THE GROUP

Information of the Group is set out in the section headed "Information of the Group" in the "Letter from the Board" and Appendix III as contained in this Composite Document.

(IV) INFORMATION OF THE OFFEROR

Mr. Chiu, aged 49, has experience in properties investment in Hong Kong and the overseas. He was the founder of a company incorporated in Hong Kong which engaged in the business as e-commerce solution provider in early 2000s. He is also experienced in making investments in companies, including listed companies in Hong Kong primarily engages in properties development and investment, trading business, provision of mobile applications and solutions service, and money lending business.

(V) PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Share Offer.

If the public float of the Company falls below 25% following the close of the Share Offer, the Offeror, the existing Directors and the Directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Share Offer to ensure that a sufficient public float exists for the Shares, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

The Stock Exchange has stated that if, upon closing of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

(VI) INTENTIONS OF THE OFFEROR

The Offeror considers that the SPAs and the Share Offer provide an opportunity for him to increase his stake and to consolidate control in the Company. It is the intention of the Offeror that the Group's existing principal activities as mentioned in the "letter from the Board" under sub-heading "Information of the Group" in this Composite Document will be maintained after the close of the Share Offer. The Offeror will, following the closing of the Share Offer, conduct a review of the operations, business activities and financial position of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue bases.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the employment of the existing management and employees including the board composition of the Group. However, if the Offeror deems necessary or appropriate to the Group's businesses and operation to increase the value of the Group, there is a possibility that the Offeror may change its intention or plan in the future, subject to full compliance with the relevant rules and regulations.

As at the Latest Practicable Date, the Offeror did not have any intention, arrangement, agreement, understanding or negotiation on (a) any injections of new businesses or assets into the Group; (b) any disposal, termination or scaling down of the existing businesses of the Group; and (c) any disposal, restructuring or redeployment of the assets of the Group other than those in its ordinary and usual course of business.

(VII) PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Chan Wai Kit and Mr. Chan Kwun Chung as the executive Directors and Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai as the independent non-executive Directors.

The Offeror at the present time does not have any intention to nominate new Directors to the Board but may do so in the future. If the Offeror in the future wishes to nominate new Directors to the Board, it shall be with effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

(VIII) ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the details regarding further terms and conditions of the Share Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

(IX) DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code) of the Offeror and the Company (including persons who own or control 5% or more of any class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

(X) GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the GEM Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

To accept the Share Offer, Independent Shareholders should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon. The Form of Acceptance forms part of the terms of the Share Offer. The duly completed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) must be sent by post or by hand to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Aurum Pacific (China) Group Limited — Share Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror may announce with the consent of the Executive in accordance with the Takeovers Code.

No acknowledgement of receipt of any Form(s) of Acceptance, together with (in respect of the Share Offer) the share certificate(s) and/or transfer receipt(s), and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Attention of the Overseas Shareholders is drawn to the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Forms of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Company, Emperor Capital, Emperor Securities, the Independent Financial Adviser, the Registrar nor any of their respective directors, officers, professional advisers, associates, agents or any other parties involved in the Share Offer accepts any liabilities for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

(XI) ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Share Offer.

Yours faithfully,
For and on behalf of
Emperor Capital Limited
Louisa Choi
Director

AURUM PACIFIC
奧栢中國集團
STOCK CODE 8148.HK

AURUM PACIFIC (CHINA) GROUP LIMITED
奧栢中國集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8148)

Executive Directors:
CHAN Wai Kit
CHAN Kwun Chung

Independent non-executive Directors:
LEUNG Man Chun
FOK Kin Fung Eric
LEE Nim Wai

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
21/F
Henan Building
90 Jaffe Road
Wanchai, Hong Kong

21 November 2017

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN AURUM PACIFIC (CHINA) GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

Reference is made to the Joint Announcement.

It was announced in the Joint Announcement that immediately prior to the entering into of the SPAs, the Offeror was interested in 319,012,000 Shares, representing approximately 29.30% of the entire issued share capital of the Company. Immediately after Completion, the Offeror and the parties acting in concert with him (excluding the Vendors) is interested in 575,542,000 Shares, representing approximately 52.87% of the entire issued share capital of the Company.

As a result of the Completion, the Offeror holds 52.87% of the voting rights of the Company and has therefore incurred an obligation to make an unconditional mandatory offer under the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

As set out in the "Letter from Emperor Capital", Emperor Capital is making the Share Offer for and on behalf of the Offeror.

Pursuant to Rule 2.1 of the Takeovers Code, an independent board committee, comprising all the independent non-executive Directors, namely Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai, has been established by the Company to make a recommendation to the Independent Shareholders in connection with the Share Offer.

The Independent Board Committee has approved the appointment of Beijing Securities to advise the Independent Board Committee, which in turn will make a recommendation to the Independent Shareholders in respect of the Share Offer. The full text of the letter of advice from Beijing Securities to the Independent Board Committee is set out in the "Letter from the Independent Financial Adviser" of this Composite Document.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Share Offer, the recommendation of the Independent Board Committee to the Independent Shareholders and the recommendation from Independent Financial Adviser to the Independent Board Committee in relation to the Share Offer.

PRINCIPAL TERMS OF THE SHARE OFFER

As set out in the "Letter from Emperor Capital" contained in this Composite Document, the Share Offer is made by Emperor Capital for and on behalf of the Offeror on the terms set out in this Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer Share accepted under the Share Offer . . . . HK$0.138 in cash

The Offer Price of HK$0.138 per Offer Share under the Share Offer is the same as the purchase price per Acquired Share paid by the Offeror in the SPAs. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, claims, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends, distributions and any return of capital, if any, declared, paid or made or agreed to be made on or after the date of despatch of this Composite Document.

Further details of the Share Offer including but not limited to the terms and conditions and the procedures for acceptance and settlement are set out in the "Letter from Emperor Capital", Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on GEM since 9 January 2004. The Company and its subsidiaries are principally engaged in (i) developing and marketing of the patented server based technology and the provision of communications software platform, software related services and the custom-made software development services; (ii) money lending business; and (iii) the mobile data solutions and mobile game related services.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		**Immediately after Completion and as at the Latest Practicable Date**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
The Offeror and parties acting in concert with him	319,012,000	29.30	575,542,000	52.87
Vendors and parties acting in concert with them				
Mr. Boyraci	138,510,175	12.72	175	0.00
Noble Ace *(Note)*	63,700,000	5.85	–	–
Mr. Lau Yu *(Note)*	11,680,000	1.07	11,680,000	1.07
Mr. Wong	54,320,000	4.99	–	–
Sub-total	268,210,175	24.64	11,680,175	1.07
Public Shareholders	501,417,825	46.06	501,417,825	46.06
Total	1,088,640,000	100.00	1,088,640,000	100.00

Note: Noble Ace is wholly and beneficially owned by Mr. Lau Yu.

As at the Latest Practicable Date, the Company has 1,088,640,000 Shares in issue. Save for the 1,088,640,000 issued Shares, the Company had no outstanding securities, options, warrants, derivatives or convertible right which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Financial information of the Group

The following table is a summary of certain audited consolidated financial information of the Group for the years ended 31 December 2014, 2015 and 2016 as extracted from the annual reports of the Company for the years ended 31 December 2015 and 2016 respectively, and certain unaudited consolidated financial information of the Group for the nine months ended 30 September 2017 as extracted from the third quarterly report of the Company for the nine months ended 30 September 2017.

	For the nine months ended 30 September	**For the year ended 31 December**		
	2017	**2016**	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)	(audited)
Revenue from continuing and discontinued operations	59,532	33,938	18,596	21,412
Loss before taxation	(17,628)	(32,486)	(28,349)	(1,260)
Loss for the period/year	(19,630)	(40,295)	(25,965)	(2,155)

As extracted from the interim report of the Company for the six months ended 30 June 2017 and the annual reports of the Company for the years ended 31 December 2014, 2015 and 2016, the net assets were approximately HK$308.3 million as at 30 June 2017, HK$298.4 million as at 31 December 2016, HK$235.6 million as at 31 December 2015 and HK$128.0 million as at 31 December 2014.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed "Intentions of the Offeror" in the "Letter from Emperor Capital" of this Composite Document for detailed information on the Offeror's intention on the business and management of the Group.

The Board is aware of the Offeror's intentions in respect of the Group and is willing to co-operate with the Offeror and acts in the best interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS AND PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that:-

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on GEM. The Offeror, the existing Directors and the Directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps with to ensure that sufficient public float exists in the Shares.

If the public float of the Company falls below 25% pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company will take appropriate steps with a view to ensuring that sufficient public float of the Shares will be restored, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

RECOMMENDATION

Independent Shareholders are advised to read the "Letter from the Independent Board Committee" which set out its recommendation to the Independent Shareholders in respect of the Share Offer, and "Letter from the Independent Financial Adviser", which set out its advice to the Independent Board Committee in respect of the Share Offer, contained in this Composite Document before deciding on the actions to be taken on the Share Offer.

ADDITIONAL INFORMATION

Your attention is also drawn to the "Letter from the Independent Financial Adviser" and additional information contained in the appendices to this Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of the Board
Aurum Pacific (China) Group Limited
Chan Kwun Chung
Executive Director

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Share Offer which has been prepared for the purpose of inclusion in the Composite Document.

AURUM PACIFIC (CHINA) GROUP LIMITED
奧栢中國集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8148)

21 November 2017

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN AURUM PACIFIC (CHINA) GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH HIM)

We refer to the composite offer and response document dated 21 November 2017 issued jointly by the Offeror and the Company (the "**Composite Document**") of which this letter forms part. Terms defined in this Composite Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Share Offer are fair and reasonable and to make a recommendation as to whether or not to accept the Share Offer.

Beijing Securities has been appointed as the Independent Financial Adviser to advise us as to whether the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and to give a recommendation to the Independent Shareholders as to whether or not to accept the Share Offer. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 28 to 49 of this Composite Document.

We wish to draw your attention to the "Letter from Emperor Capital, the "Letter from the Board" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

Having considered the terms of the Share Offer, the advice of the Independent Financial Adviser and the principal factors taken into consideration by it in arriving at its opinion, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and we recommend the Independent Shareholders to accept the Share Offer.

However, Independent Shareholders, in particular those who intend to accept the Share Offer, are reminded to note the recent fluctuation in the price of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Share Offer Price during and after the Offer Period. The Independent Shareholders who intend to accept the Share Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Share Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than the receivable under the Share Offer.

Notwithstanding our recommendation, Independent Shareholders are reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives. We would recommend any Shareholder who may require advice in relation to any aspect of this Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Share Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Aurum Pacific (China) Group Limited

Mr. Leung Man Chun	**Mr. Fok Kin Fung Eric**	**Dr. Lee Nim Wai**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Beijing Securities
Beijing Securities Limited
北京證券有限公司

BEIJING SECURITIES LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

21 November 2017

To the Independent Board Committee of Aurum Pacific (China) Group Limited

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN
AURUM PACIFIC (CHINA) GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
THE PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in respect of the Share Offer. The details of the Share Offer are set out in the Composite Document, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement. On 26 October 2017, the Offeror as purchaser entered into the SPAs with Mr. Boyraci, Noble Ace and Mr. Wong as vendors respectively, pursuant to which the Offeror agreed to acquire 138,510,000 Shares from Mr. Boyraci at a consideration of HK$19,114,380, 63,700,000 Shares from Noble Ace at a consideration of HK$8,790,600 and 54,320,000 Shares from Mr. Wong at a consideration of HK$7,496,160. The total of the 256,530,000 Acquired Shares represent in aggregate approximately 23.56% of the then entire issued share capital of the Company and the aggregate consideration of HK$35,401,140 is equivalent to HK$0.138 per Acquired Share.

Completion took place on 26 October 2017 and the consideration for each of the SPAs was fully settled by way of cash.

Immediately prior to the entering into of the SPAs, the Offeror was interested in 319,012,000 Shares, representing approximately 29.30% of the entire issued share capital of the Company. Immediately after Completion, the Offeror and the parties acting in concert with him (excluding the Vendors) is interested in 575,542,000 Shares, representing approximately 52.87% of the entire issued share capital of the Company. As a result of the Completion, the Offeror holds 52.87% of the voting rights of the Company and therefore has an obligation to make an unconditional mandatory offer under the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

The Share Offer will be made by Emperor Capital for and on behalf of the Offeror on the terms to be set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer Share .... HK$0.138 in cash

Further details of the terms of the Share Offer, including the procedures for acceptance and settlement of the Share Offer, are set out in the "Letter from Emperor Capital" and Appendix I to the Composite Document.

The Board currently comprises two executive Directors and three independent non-executive Directors. The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai, has been established to advise the Independent Shareholders in respect of the Share Offer. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in respect of the Share Offer and such appointment has been approved by the Independent Board Committee.

Beijing Securities Limited and its staff are not in the same group as the Offeror or the Company's financial or other professional advisers. Beijing Securities Limited also does not and did not have any significant connection, financial or otherwise, with the Offeror or the Company or its controlling shareholders of a kind reasonably likely to create, or to create the perception of, a conflict of interest for us or which is reasonably likely to affect the objectivity of our advice as referred to in Rule 2.6 of the Takeovers Code. Accordingly, Beijing Securities Limited is suitable to give independent advice in respect of the Share Offer.

Our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Share Offer are fair and reasonable and whether or not the Independent Board Committee should recommend the Independent Shareholders to accept the Share Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Directors and directors of the Offeror.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Offeror accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We have assumed that all information and representations that have been provided by the Directors and directors of the Offeror, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to the date throughout the offer period (as defined under the Takeovers Code). We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and directors of the Offeror in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Directors and directors of the Offeror, which have been provided to us. Should there be any subsequent material changes in such information during the Offer Period, the Company will inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Shareholders shall also be informed as soon as practicable when there are any material changes to the information contained or referred to herein and our opinion after the Latest Practicable Date and throughout the Offer Period.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification on the information included in the Composite Document and provided to us by the Directors and the Offeror nor have we conducted any form of in-depth investigation into the business, affairs, financial performance and positions or future prospects of the Group, the Offeror and their respective associates.

We have not considered the tax consequences on the Independent Shareholders of their acceptance or non-acceptance of the Share Offer since these are particular to their own individual circumstances. In particular, Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to this Share Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Share Offer, we have considered the following principal factors and reasons.

1. Background and terms of the Share Offer

On 26 October 2017, the Offeror as purchaser entered into the SPAs with Mr. Boyraci, Noble Ace and Mr. Wong as vendors respectively, pursuant to which the Offeror agreed to acquire 138,510,000 Shares from Mr. Boyraci at a consideration of HK$19,114,380, 63,700,000 Shares from Noble Ace at a consideration of HK$8,790,600 and 54,320,000 Shares from Mr. Wong at a consideration of HK$7,496,160. The total of the 256,530,000 Acquired Shares represent in aggregate approximately 23.56% of the equity interest in the Company and the aggregate consideration of HK$35,401,140 is equivalent to HK$0.138 per Acquired Share, which was agreed between the Offeror and each of the Vendors after arm's length negotiations. Completion took place on 26 October 2017 and the consideration for each of the SPAs was fully settled by way of cash.

Immediately prior to the entering into of the SPAs, the Offeror was interested in 319,012,000 Shares, representing approximately 29.30% of the entire issued share capital of the Company. Immediately after Completion, the Offeror and the parties acting in concert with him (excluding the Vendors) is interested in 575,542,000 Shares, representing approximately 52.87% of the entire issued share capital of the Company.

As a result of the Completion, the Offeror holds 52.87% of the voting rights of the Company and has therefore incurred an obligation to make an unconditional mandatory offer under the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

As at the Latest Practicable Date, the Offeror and parties acting in concert with him own, control or have direction over the Offeror Existing Shares. Other than these securities, they do not own, control or have direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Principal terms of the Share Offer

As at the Latest Practicable Date, the Company has 1,088,640,000 Shares in issue. Save for the 1,088,640,000 issued Shares, the Company has no outstanding securities, options, warrants, derivatives or convertible right which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Share Offer will be made by Emperor Capital for and on behalf of the Offeror on the terms to be set out in the offer document or, as the case may be, the composite document in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.138 in cash

The Offer Price of HK$0.138 per Offer Share under the Share Offer is the same as the purchase price per Acquired Share paid by the Offeror in the SPAs.

The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, claims, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of the Composite Document.

2. Financial information and industry and future prospects of the Group

(i) Financial information of the Group

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on GEM since 9 January 2004. The Company and its subsidiaries are principally engaged in (i) developing and marketing of the patented server based technology and the provision of communications software platform, software related services and the custom-made software development services; (ii) money lending business; and (iii) the mobile data solutions and mobile game related services.

Set out below is a summary of the audited financial information of the Group for the two years ended 31 December 2016 as extracted from the Company's annual report for the year ended 31 December 2016 (the "**Annual Report**") and the unaudited financial information of the Group for the six months ended 30 June 2017 as extracted from the Company's annual report for the six months ended 30 June 2017 (the "**Interim Report**").

	For the six months ended 30 June		For the year ended 31 December	
	2017	**2016**	**2016**	**2015**
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Revenue				
– Provision of software platform	10,100	9,930	19,689	17,214
– Interest income from money lending	7,763	5,795	14,138	1,382
– Mobile gaming income	16,791	–	111	–
Total Revenue	34,654	15,725	33,938	18,596
Loss attributable to owners of the Company	(18,808)	(17,605)	(37,986)	(20,131)

	As at 30 June	As at 31 December	
	2017	**2016**	**2015**
	(Unaudited)	(Audited)	(Audited)
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Equity attributable to owners of the Company	286,490	276,259	230,949

For the year ended 31 December 2016, the Group has been expanding its business to cover a broader spectrum in the field of internet technology mainly in the business of mobile-online games by an acquisition of a company in October 2016. Further, during the year ended 31 December 2016, the Group has also expanded its money lending business, where the Group has a money lenders license pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and the operation of which commenced in late 2015. As a result, for the year ended 31 December 2016, the revenue of the Group increased by approximately 82.5% to approximately HK$33.9 million as compared with approximately HK$18.6 million for the year ended 31 December 2015.

For the year ended 31 December 2016, the Company recorded a loss attributable to owners of the Company of approximately HK$38.0 million as compared with a loss attributable to owners of the Company of approximately HK$20.1 million for the year ended 31 December 2015. Despite the increase in revenue of the Group, the increase in loss of the Company was due to, amongst others, (i) the reclassification of the cumulative exchange reserve of approximately HK$7.4 million from equity to profit or loss in respect of disposal of entire equity interest of Native Hope Limited and its subsidiaries (the "**NH Group**"), which was principally engaged in the custom-made software development; (ii) the disposal of NH Group recorded a loss from discontinued operation of approximately HK$4.4 million; and (iii) the increase in administrative expenses of approximately HK$12.2 million.

For the six months ended 30 June 2017, the revenue of the Group increased by approximately 120.4% to approximately HK$34.7 million as compared with approximately HK$15.7 million for the six months ended 30 June 2016. Such increase in revenue was mainly due to the contribution from the new mobile game business acquired in October 2016.

For the six months ended 30 June 2017, the Company recorded a slight increase in loss attributable to owners of the Company of approximately HK$18.8 million as compared with a loss attributable to owners of the Company of approximately HK$17.6 million for the six months ended 30 June 2016. Despite the increase in revenue of the Group, the slight increase in loss of the Company was due to, amongst others, (i) the recognition of estimated changes in fair value of consideration payable for business combination of approximately HK$4 million relating to the acquisition of the mobile game business acquired in October 2016; (ii) the recognition of estimated changes in fair value of contingent consideration assets for business combination of approximately HK$3.4 million relating to the acquisition of the mobile game business; and (iii) increase in administrative expenses of approximately HK$11.0 million.

As at 31 December 2016 and 30 June 2017, the total equity attributable to owners of the Group was approximately HK$276.3 million and HK$286.5 million respectively.

(ii) Industry overview and future prospects of the Group

The Group in the past years has been expanding into the mobile game business and the money lending market in Hong Kong which resulted in the increase of the Group's revenue for the year ended 31 December 2016 and for the six months ended 30 June 2017. In particular, whilst revenue contribution from the Group's mobile game business has only begun towards late 2016 after the acquisition of a company which provides mobile-online games in October 2016 as discussed above, however, in the six months ended 30 June 2017, revenue from the Group's mobile game business is the highest revenue generating segment of the Group and accounted for approximately 48.5% of the Group's total revenue (the software platform business and the money lending business accounted for approximately 29.1% and 22.4% respectively of the Group's total revenue). Revenue from the Group's money lending business has also increased approximately 34.0% for the six months ended 30 June 2017 as compared with the prior corresponding period whilst the Group's software platform business is relative stable and saw a modest increase of approximately 1.7% for the six months ended 30 June 2017 as compared with the prior corresponding period.

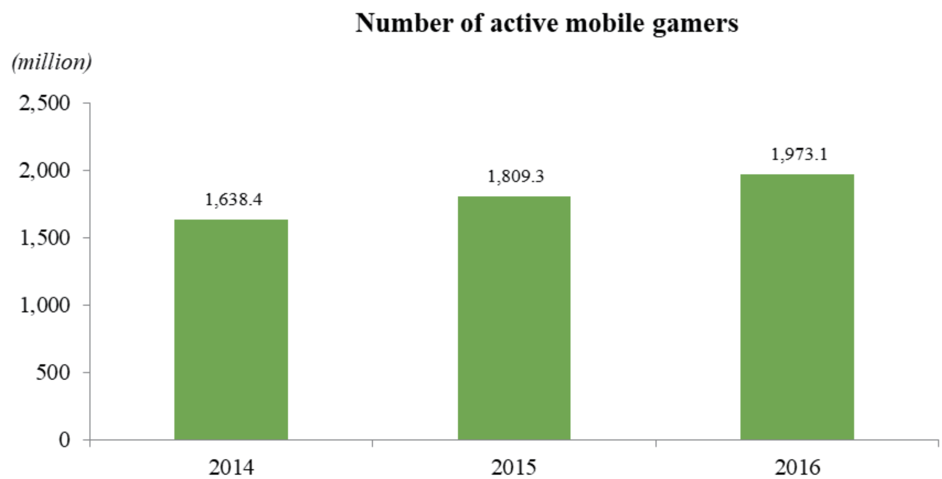
Mobile gaming

In recent years, the global smartphones market has grown rapidly. According to Newzoo, a leading provider of market intelligence covering the global games, esports, and mobile markets, in 2017, it estimated that there will be approximately 2.6 billion smartphone users and approximately 3.2 billion smartphone devices are in use worldwide. The following table sets out the number of smartphone devices in use globally from 2015 to 2016 and the estimated number of smartphone devices in use globally by the end of 2017 and the compound annual growth rate ("**CAGR**") from 2015 to 2017.

	Smartphone Devices in Use (millions)			**CAGR**
	2015	**2016**	**2017F**	**2015–2017F**
Americas	479.4	521.8	569.1	9.0%
Asia Pacific (ex-China)	551.5	646.5	764.1	17.7%
China	801.3	874.8	944.0	8.5%
Europe	469.0	495.9	523.6	5.7%
Rest of World	265.5	309.9	361.5	16.7%
Total smartphone devices in use	2,566.8	2,848.9	3,162.3	11.0%

Source: Newzoo

Further, active mobile gamers have been increasing steadily. According to Newzoo, from 2014 to 2016, the number of active mobile gamers has increased from approximately 1,638 million mobile gamers to approximately 1,973 million mobile gamers representing a CAGR of approximately 9.7%. The chart below sets out the number and growth of active mobile gamers from 2014 to 2016.

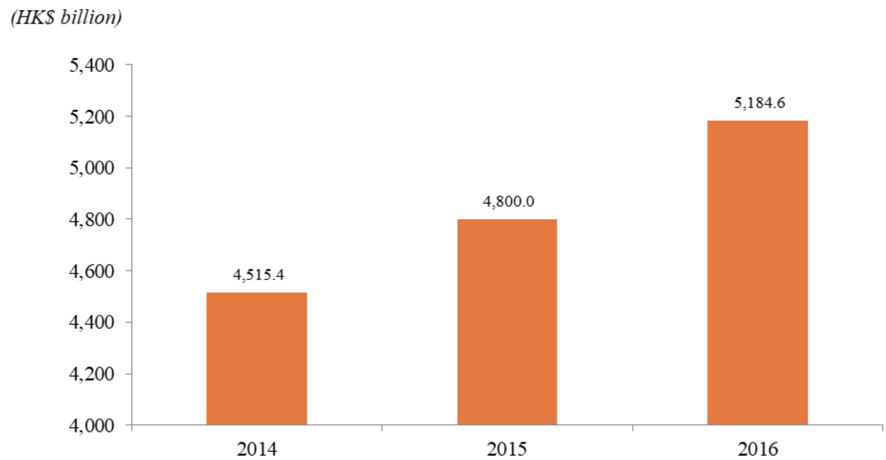


Source: *Newzoo*

Money lending market

Whilst there are no official statistics for the loans and advances granted by licensed money lenders in Hong Kong, the statistics of loans and advances granted by authorised institutions as reported by the Hong Kong Monetary Authority can be used as a proxy to the credit market growth. Loans and advances for use in Hong Kong refer to the credit facilities made available or disbursed in Hong Kong to borrowers with residence or principal place of business in Hong Kong. The balance of loans and advances for use in Hong Kong is generally correlated to the level of economic activities in Hong Kong. As illustrated in the chart below, the amount of loans and advances for use in Hong Kong has been growing over the past few years and has reached approximately HK$5,184.6 billion as at 31 December 2016. Overall, the CAGR of loans and advances was approximately 7.2% during 2014 to 2016. The chart below sets out the amount of loans and advances by authorised institutions in Hong Kong from 2014 to 2016.

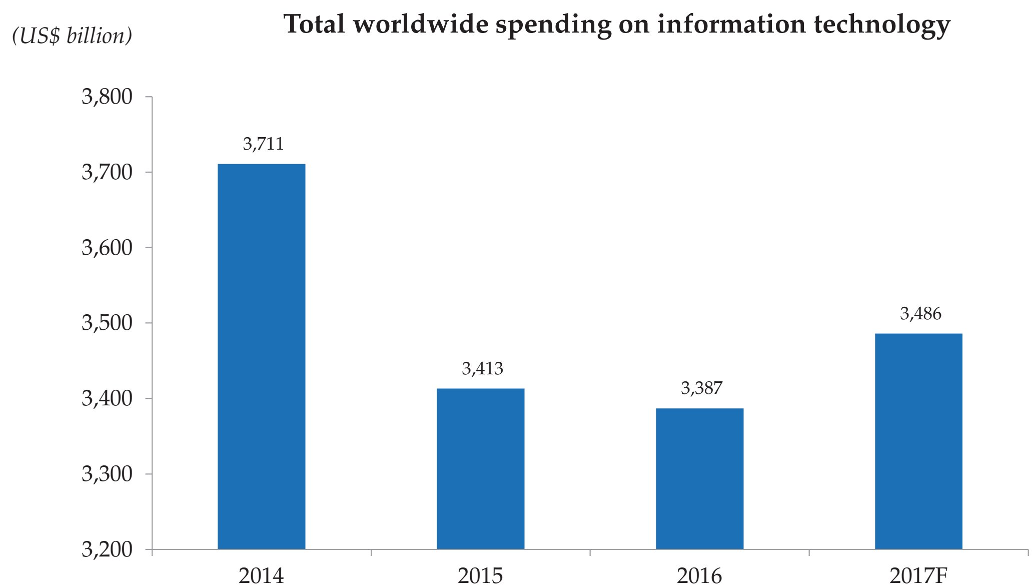
Loans and advances by authorised institutions in Hong Kong



Source: Hong Kong Monetary Authority

Information technology market

Given that the Group's business of software platform is to provide patented server based technology and the provision of communications software platform which is correlated with spending on information technology, we have studied the trend in worldwide spending on information technology. According to Gartner, a listed company on the New York Stock Exchange which provides market research and intelligence, the total worldwide spending in information technology has been decreasing from 2014 to 2016 from approximately US$3,711 billion to US$3,387 billion, representing an annual decrease of approximately 4.5%. The decrease in the total worldwide spending on technology is attributable to, amongst others, organisations and companies being cautious with their overall spending on information technology. However, Gartner is expecting a slight recovery in 2017 and estimated that the total worldwide spending on information technology in 2017 to be approximately US$3,486 billion, representing an increase of approximately 2.9% from 2016. The chart below sets out the total worldwide spending on information technology from 2014 to 2017.



Source: *Gartner*

Despite the Group having recorded improvement in its revenue for the year ended 31 December 2016 and for the six months ended 30 June 2017 as well as the favourable prospects in the mobile game market and the money lending market in Hong Kong which are the main growth business segments of the Group, we remain cautiously optimistic with the prospects and outlook of the Group given that the Group has been loss making in the recent years and recorded a loss for the two years ended 31 December 2016 and for the six months ended 30 June 2017 and there is no certainty as to whether the Group can make a turnaround in its loss-making position at this stage.

3. Information of the Offeror

Mr. Chiu, aged 49, has experience in properties investment in Hong Kong and the overseas. He was the founder of a company incorporated in Hong Kong which engaged in the business as e-commerce solution provider in early 2000s. He is also experienced in making investments in companies, including listed companies in Hong Kong primarily engages in properties development and investment, trading business, provision of mobile applications and solutions service, and money lending business.

4. Intention of the Offeror in relation to the Group

The Offeror considers that the SPAs and the Share Offer provide an opportunity for him to increase his stake and to consolidate control in the Company. It is the intention of the Offeror that the Group's existing principal activities will be maintained after the close of the Share Offer. The Offeror will, following the closing of the Share Offer, conduct a review of the operations, business activities and financial position of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue bases.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the employment of the existing management and employees including the board composition of the Group. However, if the Offeror deems necessary or appropriate to the Group's businesses and operation to increase the value of the Group, there is a possibility that the Offeror may change its intention or plan in the future, subject to full compliance with the relevant rules and regulations.

As at the Latest Practicable Date, the Offeror did not have any intention, arrangement, agreement, understanding or negotiation on (a) any injections of new businesses or assets into the Group; (b) any disposal, termination or scaling down of the existing businesses of the Group; and (c) any disposal, restructuring or redeployment of the assets of the Group other than those in its ordinary and usual course of business.

5. Proposed change to the Board composition

As at the Latest Practicable Date, the Board comprises Mr. Chan Wai Kit and Mr. Chan Kwun Chung as the executive Directors and Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai as the independent non-executive Directors.

The Offeror at the present time does not have any intention to nominate new Directors to the Board but may do so in the future. If the Offeror in the future wishes to nominate new Directors to the Board it shall be with effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

6. Maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that:-

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on GEM. The Offeror, the existing Directors and the Directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

If the public float of the Company falls below 25% pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company will take appropriate steps with a view to ensuring that sufficient public float of the Shares will be restored, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

7. The Offer Price

The Offer Price of HK$0.138 per Offer Share represents:

(i) a premium of approximately 1.47% over the last trading price of HK$0.136 per Share as quoted on the Stock Exchange immediately before trading in the Shares was halted on the Last Trading Day;

(ii) a premium of approximately 3.76% over the average closing price of HK$0.133 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 17.95% over the average closing price of HK$0.117 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 35.29% over the average closing price of HK$0.102 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;

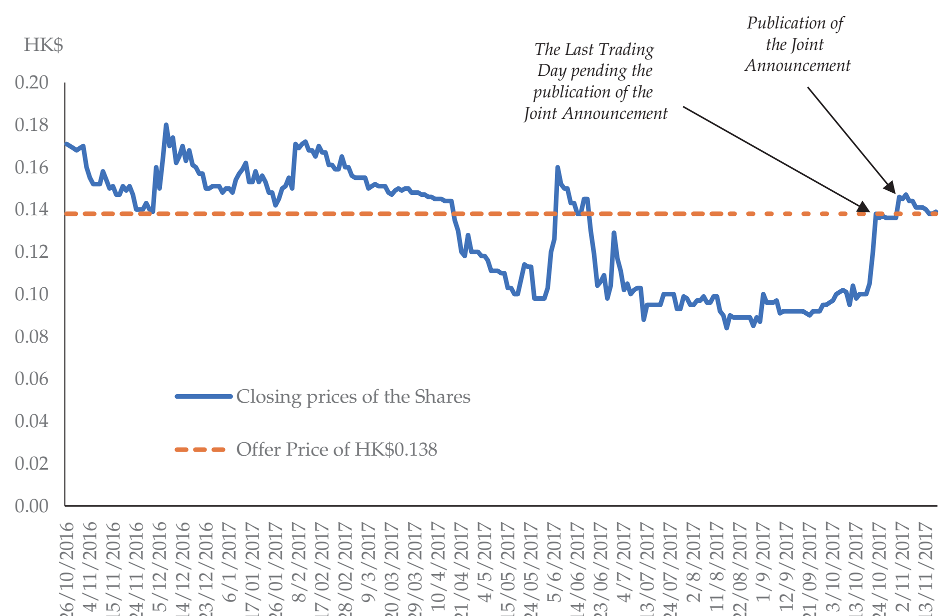
(v) the closing price of HK$0.138 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(vi) a discount of approximately 45.67% to the audited consolidated net assets value attributable to the Shareholders of approximately HK$0.254 per Share as at 31 December 2016, the date to which the latest audited consolidated financial results of the Company were made up and calculated based on 1,088,640,000 Shares in issue as at the Latest Practicable Date; and

(vii) a discount of approximately 47.53% to the unaudited consolidated net assets value attributable to the Shareholders of approximately HK$0.263 per Share as at 30 June 2017, the date to which the latest unaudited consolidated financial results of the Company were made up and calculated based on 1,088,640,000 Shares in issue as at the Latest Practicable Date.

Historical price performance of the Shares

We have reviewed and analysed the closing prices of the Shares from 26 October 2016 (being the 12-month period prior to the Last Trading Day) up to the trading day immediately preceding the Latest Practicable Date (the "**Review Period**"). The Review Period is selected on the basis that it is a reasonable timeframe given that it covers a period encompassing one full calendar year prior to the Last Trading Day and the subsequent period thereafter up to the trading day immediately preceding the Latest Practicable Date. Such period is also sufficient for us to carry out our analysis on the historical share price performance of the Company and the trading liquidity of the Shares as we consider that such timeframe is long enough to avoid any short-term fluctuation which may distort our analysis and that it also reflects the recent share price performance of the Company as well as its recent trading volume of the Shares. The following is a chart of the closing prices of the Shares during the Review Period:



Note: Trading in the Shares was suspended from 27 October 2017 to 31 October 2017 pending for the release of the Joint Announcement.

Source: *website of Stock Exchange*

As illustrated in the chart above, the closing prices of the Shares was trading in the range of HK$0.084 to HK$0.18 per Share prior to the release of the Joint Announcement during the Review Period (the "**Pre-Announcement Period**"), representing a discount of approximately 39.13% and a premium of approximately 30.43% respectively to/over the Offer Price of HK$0.138. As noted in the chart above, the closing price of the Shares has been at or below the Offer Price after 19 June 2016 and up to the Last Trading Day in the Pre-Announcement Period. In particular, it is noted that out of the 248 trading days in the Pre-Announcement Period, the closing price of the Shares has been above the Offer Price for 125 trading days whilst the closing price of the Shares has been at or below the Offer Price for the remaining 123 trading days. Immediately before trading in the Shares was halted on the Last Trading Day, the last trading price was HK$0.136 per Share and therefore the Offer Price represents a premium of approximately 1.47% over such price. Further, the average closing price of the Shares during the Pre-Announcement Period is approximately HK$0.13 per Share and therefore the Offer Price also represents a premium of approximately 6.15% over such average closing price of the Shares.

Since the publication of the Joint Announcement and up to the trading day immediately preceding the Latest Practicable Date (the "**Post-Announcement Period**"), we noted that the closing prices of the Shares have increased and the closing prices of the Shares ranged from HK$0.138 to HK$0.147 per share, representing the same price as the Offer Price and a premium of approximately 6.52% over the Offer Price. In particular, it is noted that out of the 12 trading days in the Post-Announcement Period, the closing price of the Shares has been above the Offer Price for 10 trading days whilst the closing price of the Shares has been at the Offer Price for the remaining 2 trading days. We are of the view that the increase in the closing prices of the Shares in the Post-Announcement Period was due to the news of the Share Offer and therefore the current price level of the Shares might not sustain after the close of the Share Offer. In total, out of the 260 trading days in the Review Period, the closing price of the Shares has been above the Offer Price for 135 trading days whilst the closing price of the Shares has been at or below the Offer Price for the remaining 125 trading days.

Historical trading liquidity of the Shares

The table below sets out the average daily number of the Shares traded per month and the respective percentages of the monthly trading volume of the Shares as compared to (i) the total number of Shares held by the public as at the Latest Practicable Date; and (ii) the total number of Shares as at the Latest Practicable Date, during the Review Period:

	Average daily trading volume (the "Average Volume")	% of the Average Volume to the total number of the Shares held by the public as at the Latest Practicable Date *(Note 1)*	% of the Average Volume to total number of Shares as at the Latest Practicable Date *(Note 2)*
	Shares	%	%
Month			
2016			
October (From 26 October 2016)	3,691,000	0.74	0.34
November	3,869,091	0.77	0.36
December	5,279,850	1.05	0.48
2017			
January	7,250,526	1.45	0.67
February	12,411,586	2.48	1.14
March	761,696	0.15	0.07
April	2,422,000	0.48	0.22
May	255,050	0.05	0.02
June	3,392,786	0.68	0.31
July	4,747,857	0.95	0.44
August	626,682	0.12	0.06
September	968,238	0.19	0.09
October *(Note 3)*	18,302,019	3.65	1.68
November (up to the date immediately preceding the Latest Practicable Date)	7,115,333	1.42	0.65
Average	**5,078,122**	**1.01**	**0.47**

Source: *website of Stock Exchange*

Notes:

1. Based on 501,417,825 Shares held by the public Shareholders as at the Latest Practicable Date.

2. Based on 1,088,640,000 Shares in issue as at the Latest Practicable Date.

3. Trading in the Shares was suspended from 27 October 2017 to 31 October 2017 pending for the release of the Joint Announcement.

We noted from the above table, trading in the Shares was rather thin during the Review Period, with the Average Volume to the total number of the Shares held by the public Shareholders at around 1%.

Given the thin historical daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares and accordingly, the market price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. The Share Offer, therefore, represents an opportunity and a viable alternate exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holding at the Offer Price if they so wish.

Comparison with other comparable companies

To further assess the fairness and reasonableness of the Offer Price, we have considered using price-to-earnings (the "**P/E**") ratio analysis and price-to-book (the "**P/B**") ratio analysis, the most commonly used benchmarks for valuation of companies, to compare the Offer Price against the market valuation of other comparable companies. However, as the Company was loss making for the year ended 31 December 2016, P/E ratio analysis is hence not applicable. Given that the revenue of the Group was mainly attributable by the provision of information technology services and mobile game income for the year ended 31 December 2016 and for the six months ended 30 June 2017, we have searched for non-H shares companies listed on the GEM Board on the Stock Exchange which are engaged in similar lines of business as the Group for our comparison purpose, i.e., principally in the provision of information technology services and mobile gaming and with market capitalisation of not more than HK$500 million, being similar in size to the Company (the "**Comparable Companies**"). In this regard, 13 Comparable Companies are identified based on our research on the website of the Stock Exchange in accordance with the above criteria which we consider to be exhaustive. Whilst the scale of operations, financial position, market capitalisation and future prospects of the Comparable Companies are not exactly the same as the Company, given that we have included all available Comparable Companies listed on the Stock Exchange based on our selection criteria (the Comparable Companies are mainly engaged in information technology sector and thus are in general affected by similar factors, including, but not limited to, the outlook of the information technology industry and also that the sample size is sufficient in size with 13 Comparable Companies), we are of the view that the Comparable Companies serve as a reference in assessing the fairness and reasonableness of the Offer Price and also that the list of Comparable Companies is fair, sufficient and representative sample.

Company (stock code)	Description	Market capitalisation *(HK$ million)* *(Note 1)*	Equity attributable to shareholders *(HK$ million)*	P/B *(times)* *(Note 2)*
Finsoft Financial Investment Holdings Limited (8018)	Provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business, assets investments and provision of corporate finance advisory services	254.6	222.8	1.14
Vodatel Networks Holdings Limited (8033)	Provision of network and systems infrastructure and applications, CNMS and customised software solutions	178.2	238.9	0.75
Yu Tak International Holdings Limited (8048)	Development, sale and implementation of enterprise software; provision of systems integration, professional services and application service provider services; design and sales of gold and jewellery products; and investment holding	95.1	80.1	1.19
Sing Lee Software (Group) Limited (8076)	Development and sale of information and network technologies and services to the financial industry in the PRC	164.2	4.1 *(Note 5)*	40.01
Interactive Entertainment China Cultural Technology Investments Limited (8081)	Mobile internet cultural business and provision of IT services; provision of hospitality and related services in Australia; provision of medical diagnostic and health check services; money lending business; and assets investments business	202.8	993.3	0.20
GET Holdings Limited (8100)	Research, develop & distribute software, applications & toolbar advertisement; invest in securities; money lending; provide insurance & MPF schemes brokerage services; & provide corporate management solutions & I.T. contract services	226.7	1,047.5	0.22
Trillion Grand Corporate Co. Limited (8103)	System development, professional services, proprietary trading business, money lending business and property investment	250.4	(12.8)	N/A

Company (stock code)	Description	Market capitalisation *(HK$ million)* *(Note 1)*	Equity attributable to shareholders *(HK$ million)*	P/B *(times)* *(Note 2)*
abc Multiactive Limited (8131)	Designing and sale of computer software and the provision of professional and maintenance services for such products	54.2	(54.3)	N/A
China Binary Sale Technology Limited (8255)	Providing online transaction services by facilitating transactions between online game operators and online game users, and providing mobile top-up service to mobile subscribers in the PRC	268.8	391.1 *(Note 5)*	0.69
Future Data Group Limited (8229)	Provision of integrated systems; and maintenance service	168.0	125.4	1.34
Expert Systems Holdings Limited (8319)	Provision of IT infrastructure solutions whereby the Group assesses, designs and implements IT infrastructure solutions for the group's customers by integrating different hardware and software sourced from third party suppliers	134.4	78.1	1.72
Anacle Systems Limited (8353)	Provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services	291.4	100.9 *(Note 6)*	2.89
Gameone Holdings Limited (8282)	Development, operation, publishing and distribution of online and mobile games in Hong Kong, the PRC and Taiwan	304.0	90.3	3.37
Average *(Note 3)*				**1.35**
Maximum *(Note 3)*				**3.37**
Minimum *(Note 3)*				**0.20**
The Company		**150.2** *(Note 4)*	**276.3**	**0.54**

Source: website of Stock Exchange

Notes:

1. Market capitalisation is based on the number of shares in issued and the closing share price the day immediately preceding the Latest Practicable Date.

2. P/B ratio is calculated using the market capitalisation divided by the equity attributable to shareholders of the company as disclosed in the latest audited financial statements of the Comparable Companies and the Company. The equity attributable to shareholders of the company is the net assets of the company subtracting the equity of the non-controlling interests of the company.

3. As the P/B ratio of Sing Lee Software (Group) Limited is exceptionally high, we considered it an outlier and thus is excluded in the calculation of the average, maximum and minimum of the P/B ratio of the Comparable Companies.

4. The market capitalisation of the Company is based on the number of shares in issued as at the Latest Practicable Date and the Offer Price.

5. The equity attributable to shareholders is translated to Hong Kong dollars using RMB1 = HK$1.26.

6. The equity attributable to shareholders is translated to Hong Kong dollars using S$1 = HK$5.8.

We have compared the P/B ratio of the Company as implied by the Offer Price, being the market capitalisation of the Company based on the Offer Price of approximately HK$150.2 million divided by the equity attributable to shareholders of the Company as disclosed in its latest audited financial statements of approximately HK$276.3 million (the "**Offer Price P/B**") with those of the Comparable Companies. As shown in the table above, the P/B ratio of the Comparable Companies is in the range of 0.20 times to 3.37 times with an average P/B ratio of approximately 1.35 times whilst the Offer Price P/B is approximately 0.54. Whilst the Offer Price P/B being below the average P/B ratio of the Comparable Companies represents that the valuation of the Offer Price is lower in comparison to the average market valuation, it should be noted that out of the 13 Comparable Companies, 10 of the Comparables Companies have generated a profit in their last two financial years as compared with the Company which has recorded losses for the years ended 31 December 2015 and 2016 as well as for the six months ended 30 June 2017. The three Comparable Companies which recorded a loss in their last two financial years are Yu Tak International Holdings Limited, Trillion Grand Corporate Co. Limited and abc Multiactive Limited and two of them (i.e., Trillion Grand Corporate Co. Limited and abc Multiactive Limited) also recorded a net liabilities. Given that the Group has been making a loss as compared with the Comparable Companies, it is reasonable to expect that the valuation of the Company is less favourable as compared with the Comparable Companies. However, notwithstanding that the Offer Price P/B is below the average P/B ratio of the Comparable Companies, the Offer Price P/B still falls within the range of the P/B ratio of the Comparable Companies.

Whilst the Offer Price P/B is below the average P/B ratio of the Comparable Companies, having considered that (i) the Group has been loss making in the recent years and recorded a loss for the two years ended 31 December 2016 and for the six months ended 30 June 2017 and there is no certainty as to whether the Group can make a turnaround in its loss-making position at this stage; (ii) the Offer Price is above the average closing price of the Shares in the Pre-Announcement Period; (iii) the Offer Price is at a premium over the last trading price immediately before trading in the Shares was halted on the Last Trading Day; (iv) the thin liquidity of the Shares; and (v) the Offer Price P/B is within the range of the P/B ratio of the Comparable Companies, we are of the view that the Offer Price is fair and reasonable.

OPINIONS AND RECOMMENDATIONS

Despite the favourable prospects in the mobile game market and money lending market in Hong Kong, the Offer Price P/B is below the average P/B ratio of the Comparable Companies and the closing price of the Shares is also above the Offer Price in 135 trading days out of 260 trading days during the Review Period, having considered and balanced against the various factors and reasons as set out in this letter above and in particular that:

(i) the Group has been loss making in the recent years and recorded a loss for the two years ended 31 December 2016 and for the six months ended 30 June 2017 and there is no certainty as to whether the Group can make a turnaround in its loss-making position at this stage;

(ii) the Offer Price is above the average closing price of the Shares of approximately HK$0.13 per Share in the Pre-Announcement Period and the closing price of the Shares has been at or below the Offer Price after 19 June 2016 and up to the Last Trading Day in the Pre-Announcement Period;

(iii) the Offer Price is at a premium over the last trading price immediately before trading in the Shares was halted on the Last Trading Day;

(iv) the increase in the closing prices of the Shares in the Post-Announcement Period was due to the news of the Share Offer and therefore the current price level of the Shares might not sustain after the close of the Share Offer;

(v) the liquidity of the Shares in general was low throughout the Review Period and the uncertainty as to whether the Independent Shareholders will be able to realise their investments in the Shares (especially those with relatively sizeable shareholdings) at a price higher than the Offer Price; and

(vi) the Offer Price P/B is within the range of the P/B ratio of the Comparable Companies, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise and recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer.

Notwithstanding the above, the closing price of the Shares has been above the Offer Price for 10 out of the 12 trading days during the Post-Announcement Period. As such, for those Independent Shareholders who wish to dispose all or part of their shareholding, we would advise them to do so on the market instead of accepting the Share Offer if the net proceeds from the sale of such Shares in the market would exceed the net proceeds receivable under the Share Offer. Nevertheless, given that the trading volume of the Shares has been thin during the Review Period, Independent Shareholders should be mindful as to whether there will be sufficient liquidity in the Shares for the Independent Shareholders who wish to realise part or all of their investment in the Company at the prevailing market price of the Shares and whether their disposal of the Shares will exert a downward pressure on the market price of the Shares.

However, for Independent Shareholders who wish to retain their holdings and participate in the future prospect of the Group in view of the optimistic outlook of the Group, they may elect to not accept the Share Offer in respect of part or all of their shareholding in the Company.

Independent Shareholders are also reminded that their decisions to dispose or hold their investments or exercise their rights in the Shares are subject to their individual circumstances and investment objectives and they are reminded to carefully (i) monitor the stock market and the trading price and liquidity of the Shares before the end of the Share Offer and consider selling their Shares in the open market, where possible, rather than accepting the Share Offer if the net proceeds from the market sale of their Shares after deducting all transaction costs are more than the net amount to be received under the Share Offer; and (ii) evaluate the future prospects of the Group.

Yours faithfully,
For and on behalf of
Beijing Securities Limited
Charles Li
Director

To accept the Share Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Share Offer

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "Aurum Pacific (China) Group Limited — Share Offer" on the envelope as soon as possible but in any event the aforementioned documents shall reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them.

(c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable instruction and authority to each of the Offeror, Emperor Capital and/or Emperor Securities or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) Acceptance of the Share Offer will be treated as effective and valid only if the completed Form of Acceptance is received by the Registrar on or before the latest time for acceptance of the Share Offer or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(f) In Hong Kong seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable by the Offeror to the Independent Shareholder who accept the Share Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer.

(g) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) The address of the Registrar is at Level 22, Hopewell Centre 183 Queen's Road East Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Share Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

(b) If the Share Offer is extended, the Offeror will issue an announcement in relation to any extension of the Share Offer, which announcement will state either the next Closing Date or, a statement that the Share Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Share Offer is closed to those Shareholders who have not accepted the relevant Share Offer before the Share Offer is closed. If, in the course of the Share Offer, the Offeror revise the terms of the Share Offer, all Shareholders, whether or not they have already accepted the Share Offer, will benefit and will be entitled under the revised terms. A revised offer must be kept open for acceptance for at least fourteen (14) days following the date on which the revised offer document or written notification of the revision to the Independent Shareholders is posted, and the Offeror will comply with any other relevant requirements under the Takeovers Code.

(c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Share Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Share Offer and whether the Share Offer has been revised, extended or expired. The announcement will state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with him before the Offer Period; and

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with him.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror and any parties acting in concert with him have borrowed or lent, save for any borrowed securities which have been either on-lent or sold, and specify the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Share Offer, shall be included.

(c) As required under the Takeovers Code, all announcements in respect of the Share Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules respectively.

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Share Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "3. Announcements" above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

5. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

6. SETTLEMENT UNDER THE SHARE OFFER

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar on or before 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Shareholders who accept the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Share Offer will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

Settlement of the consideration to which any Shareholder is entitled under the Share Offer will be implemented in full in accordance with its terms of the Share Offer (save in respect of the payment of the seller's ad valorem stamp duty of the Share Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

7. OVERSEAS SHAREHOLDERS

The making of the Share Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Share Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Share Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Shareholders).

Acceptance of the Share Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under applicable laws and regulations to receive and accept the Share Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Share Offer.

8. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Share Offer. It is emphasised that none of the Offeror, Emperor Capital, Emperor Securities, their respective ultimate beneficial owners and parties acting in concert, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Share Offer is in a position to advise the Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Share Offer.

9. GENERAL

(a) All communications, notices, Form(s) of Acceptance, certificate(s), Share certificate(s), transfer receipt(s), other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Share Offer will be delivered by or sent to or from the Independent Shareholders or their designated agents, by ordinary post at their own risk, and none of the Offeror, Emperor Capital, Emperor Securities, the Registrar, the Company, its advisers or other parties involved in the Share Offer or any of their respective directors, officers, advisers, associates, agents accepts any liability for any loss or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance forms part of the terms and conditions of the Share Offer.

(c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Share Offer is made will not invalidate the Share Offer in any way.

(d) The Share Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of the Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Share Offer.

(e) Due execution of the Form of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, Emperor Capital or such person or persons as the Offeror or Emperor Capital may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares respect of which such person or persons has/have accepted the Share Offer.

(f) Acceptance of the Share Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Emperor Capital and Emperor Securities that the Shares tendered under the Share Offer are sold by such person or persons free from all Encumbrances and together with all rights accruing or attaching to them as at the date of this Composite Document or subsequently being attached to them, including, without limitation, the rights to receive all future dividends and other distributions, declared, made or paid, if any, by the Company on or after the date of this Composite Document.

(g) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.

(h) If no number is inserted or a number inserted is greater than your registered holding of Share(s) or those physical Share(s) tendered for acceptance of the Share Offer and you have signed this form, this form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before 4:00 p.m. on the Closing Date.

(i) Reference to the Share Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.

(j) In making their decisions, Shareholders must rely on his/her/its/their own examination of the Offeror and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendations contained therein, and the Form of Acceptance are not to be construed as legal or business advice. Shareholders could consult with his/her/its/their own professional advisers for professional advice.

(k) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL SUMMARY OF THE GROUP

The following table is a summary of certain audited consolidated financial information of the Group for the years ended 31 December 2014, 2015 and 2016 as extracted from the published annual reports of the Company for the years ended 31 December 2015 and 2016 respectively, and certain unaudited consolidated financial information of the Group for the nine months ended 30 September 2017 as extracted from the third quarterly report of the Company for the nine months ended 30 September 2017.

	For the nine months ended 30 September	For the year ended 31 December		
	2017	**2016**	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)	(audited)
Revenue from continuing and discontinued operations	59,532	33,938	18,596	21,412
(Loss) before taxation	(17,628)	(32,486)	(28,349)	(1,260)
Income tax (expenses)/credit	(2,002)	428	(1,064)	(735)
(Loss) for the period/year attributable to:				
– owners of the Company	(23,716)	(37,986)	(20,131)	(1,978)
– non-controlling interests	4,086	(2,309)	(5,834)	(177)

The Group had no exceptional or extraordinary items which were exceptional because of its size, nature or incidence for each of the three years ended 31 December 2014, 2015 and 2016, as well as for the nine months ended 30 September 2017 respectively.

No qualified opinion in respect of the audited consolidated financial statements of the Group for the years ended 31 December 2014, 2015 and 2016 has been issued by the auditors of the Company.

No dividend was declared, distributed or paid by the Company during each of the years ended 31 December 2014, 2015 and 2016, and the nine months ended 30 September 2017.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2016

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31 December 2016 extracted from the annual report of the Company for the year ended 31 December 2016:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Notes	**2016** *HK$'000*	**2015** *HK$'000* (Re-presented)
Continuing operations			
Revenue	*4*	33,938	18,596
Cost of sales		(7,179)	(6,627)
Gross profit		26,759	11,969
Other revenue	*6*	613	175
Changes in fair value of:			
– prepayment option embedded in promissory note issued		(107)	–
– consideration payable for business combination		(2,632)	(1,345)
– contingent consideration assets for business combination		(1,393)	–
Administrative expenses		(43,556)	(31,309)
Research and development expenses		(8,460)	(4,824)
Selling and distribution expenses		(3,305)	(2,966)
Loss from operations		(32,081)	(28,300)
Finance costs	*7(a)*	(405)	(49)
Loss before taxation	*7*	(32,486)	(28,349)
Income tax credit/(expense)	*8*	428	(1,064)
Loss for the year from continuing operations		(32,058)	(29,413)
Discontinued operation			
(Loss)/profit for the year from discontinued operation	*9*	(8,237)	3,448
Loss for the year		(40,295)	(25,965)
Attributable to:			
– owners of the Company		(37,986)	(20,131)
– non-controlling interests		(2,309)	(5,834)
		(40,295)	(25,965)

	Notes	2016 *HK cents*	2015 *HK cents* (Restated)
(Loss)/earnings per share			
From continuing and discontinued operations			
– Basic and diluted	*12*	(5.22)	(4.84)
From continuing operations			
– Basic and diluted	*12*	(4.29)	(7.07)
From discontinued operation			
– Basic and diluted	*12*	(0.93)	2.23

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	Notes	2016 HK$'000	2015 HK$'000
Loss for the year		(40,295)	(25,965)
Other comprehensive (expense)/ income for the year, net of nil tax			
Items that may be classified subsequently to profit or loss:			
Exchange differences:			
– on translation of financial statements of foreign operations		(1,089)	(6,951)
– released upon disposal of discontinued operation	*31(e)*	7,410	–
– released upon deregistration of a subsidiary	*6*	(46)	–
Total comprehensive expense for the year		(34,020)	(32,916)
Attributable to:			
– owners of the Company		(31,679)	(26,478)
– non-controlling interests		(2,341)	(6,438)
		(34,020)	(32,916)
Total comprehensive (expense)/income attributable to owners of the Company arises from:			
Continuing operations		(31,273)	(29,427)
Discontinued operation		(406)	2,949
		(31,679)	(26,478)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(Expressed in Hong Kong dollars)

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	13	51,141	6,316
Properties under development	14	–	2,804
Intangible assets	15	67,370	13,065
Goodwill	16	109,669	90,510
Contingent consideration assets for business combination	29(b)	17,971	–
Deposits paid for purchase of property, plant and equipment		3,000	–
Loans receivable	18	5,000	–
Deferred tax assets	24(b)	4,793	–
		258,944	112,695
Current assets			
Inventories		44	37
Trade and other receivables	17	11,231	9,101
Loans receivable	18	165,320	111,800
Interest receivables	19	3,995	1,382
Prepayment option embedded in promissory note issued	29(b)	837	–
Current tax recoverable	24(a)	–	79
Cash and cash equivalents	20	11,500	38,725
		192,927	161,124
Current liabilities			
Trade and other payables	21	3,269	2,481
Financial assistance from government	22	114	325
Deferred income		4,201	3,272
Consideration payable for business combination	29(b)	–	9,879
Current tax payable	24(a)	89	1,174
		7,673	17,131
Net current assets		185,254	143,993
Total assets less current liabilities		444,198	256,688

	Notes	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Financial assistance from government	*22*	–	46
Interest-bearing borrowings	*23*	28,000	–
Deferred tax liabilities	*24(b)*	11,131	2,707
Consideration payable for business combination	*29(b)*	106,623	18,368
		145,754	21,121
NET ASSETS		298,444	235,567
Capital and reserves			
Share capital	*27(a)*	36,288	20,160
Reserves		239,971	210,789
Total equity attributable to owners of the Company		276,259	230,949
Non-controlling interests		22,185	4,618
TOTAL EQUITY		298,444	235,567

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000 (note 27(b)(i))	Capital reserve HK$'000 (note 27(b)(ii))	Capital surplus HK$'000 (note 27(b)(iii))	Exchange reserve HK$'000 (note 27(b)(iv))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2015	12,000	142,285	2,427	16,699	(103)	(56,396)	116,912	11,056	127,968
Loss for the year	–	–	–	–	–	(20,131)	(20,131)	(5,834)	(25,965)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(6,347)	–	(6,347)	(604)	(6,951)
Total comprehensive expense for the year, net of nil tax	–	–	–	–	(6,347)	(20,131)	(26,478)	(6,438)	(32,916)
Issue of shares *(note 27(a)(iii))*	8,160	132,355	–	–	–	–	140,515	–	140,515
	8,160	132,355	–	–	(6,347)	(20,131)	114,037	(6,438)	107,599
At 31 December 2015	20,160	274,640	2,427	16,699	(6,450)	(76,527)	230,949	4,618	235,567
At 1 January 2016	20,160	274,640	2,427	16,699	(6,450)	(76,527)	230,949	4,618	235,567
Loss for the year	–	–	–	–	–	(37,986)	(37,986)	(2,309)	(40,295)
Exchange differences:									
– on translation of financial statements of foreign operations	–	–	–	–	(1,057)	–	(1,057)	(32)	(1,089)
– released upon disposal of discontinued operation	–	–	–	–	7,410	–	7,410	–	7,410
– released upon deregistration of a subsidiary	–	–	–	–	(46)	–	(46)	–	(46)
Total comprehensive (expense)/ income for the year, net of nil tax	–	–	–	–	6,307	(37,986)	(31,679)	(2,341)	(34,020)
Issue of shares *(note 27(a)(vi))*	16,128	60,861	–	–	–	–	76,989	–	76,989
Derecognition of non-controlling interest upon disposal of discontinued operation *(note 31)*	–	–	–	–	–	–	–	(3,108)	(3,108)
Non-controlling interest arising on business combination *(note 29(b))*	–	–	–	–	–	–	–	23,016	23,016
	16,128	60,861	–	–	6,307	(37,986)	45,310	17,567	62,877
At 31 December 2016	36,288	335,501	2,427	16,699	(143)	(114,513)	276,259	22,185	298,444

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
Operating activities			
(Loss)/profit before taxation:			
– From continuing operations		(32,486)	(28,349)
– From discontinued operation		(7,865)	1,621
Adjustments for:			
– Changes in fair value of prepayment option embedded in promissory note issued		107	–
– Changes in fair value of consideration payable for business combination		2,632	1,345
– Changes in fair value of contingent consideration assets for business combination		1,393	–
– Interest income from money lending	*4*	(14,138)	(1,382)
– Bank interest income		(3)	(10)
– Other loan interest income		–	(184)
– Cumulative exchange gain reclassified from equity to profit or loss upon deregistration of a subsidiary	*6*	(46)	–
– Gain on disposal of a subsidiary	*6*	(545)	–
– Finance costs	*7(a)*	405	49
– Amortisation of intangible assets		2,591	7,717
– Depreciation of property, plant and equipment		3,312	756
– Impairment of goodwill	*7(c)*	1,430	–
– Impairment of intangible assets		–	9,299
– Impairment of property, plant and equipment	*7(c)*	–	214
– Loss on disposal of discontinued operation	*9*	3,867	–
– Loss on disposal of property, plant and equipment	*7(c)*	2,225	258
– Write-off of intangible assets	*7(c)*	1,097	3,786
– Effect of foreign exchange rate changes, net		67	(388)
Operating loss before working capital changes		(35,957)	(5,268)
(Increase)/decrease in inventories		(7)	1
(Increase)/decrease in trade and other receivables		(8,134)	731
Increase in loans receivable		(58,520)	(111,800)
(Decrease)/increase in trade and other payables		(1,248)	558
Increase/(decrease) in deferred income		980	(1,298)
Net cash used in operation		(102,886)	(117,076)

	Notes	2016 *HK$'000*	2015 *HK$'000* (Re-presented)
Interest received from money lending		11,525	–
Income tax paid:			
– Hong Kong Profits Tax paid		–	(244)
– PRC Enterprise Income Tax paid		(509)	(209)
Net cash used in operating activities		(91,870)	(117,529)
Investing activities			
Interest received		3	194
Proceeds from disposal of property, plant and equipment		2,300	–
Payment for purchase of property, plant and equipment		(3,453)	(5,685)
Deposits paid for purchase of property, plant and equipment		(3,000)	–
Additions to properties under development		–	(2,804)
Expenditure on projects development		(24)	(1,719)
New loans to third parties		–	(6,038)
Repayment of loans from third parties		–	11,300
Net cash inflow from disposal of subsidiaries	*31*	52,465	–
Net cash outflow from asset acquisition	*30*	(26,672)	
Net cash outflow from acquisition of subsidiaries	*29(b)*	(39,236)	–
Net cash used in investing activities		(17,617)	(4,752)
Financing activities			
Interest paid		(405)	(49)
Proceeds from issue of shares	*27(a)*	76,989	140,515
Repayment of financial assistance from government		(257)	(312)
New loans from a third party		28,000	3,000
Repayment of loans to a third party		(22,000)	(3,000)
Net cash generated from financing activities		82,327	140,154
Net (decrease)/increase in cash and cash equivalents		(27,160)	17,873
Cash and cash equivalents at 1 January		38,725	21,139
Effect of foreign exchange rate changes		(65)	(287)
Cash and cash equivalents at 31 December	*20*	11,500	38,725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 COMPANY INFORMATION

Aurum Pacific (China) Group Limited (the "**Company**") is an exempted company with limited liability incorporated in the Cayman Islands. Its shares are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. On 5 January 2017, the principal place of business of the Company was changed from 22nd Floor, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong to 21st Floor, Henan Building, 90 Jaffe Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 35.

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (together the "**Group**").

The consolidated financial statements are presented in thousands of units of Hong Kong dollars ("**HK$'000**") unless otherwise stated. Hong Kong dollars ("**HK$**") is the Company's functional currency and the Group's presentation currency.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at fair values as explained in the accounting policies set out below:

– Contingent consideration assets or liabilities arising from a business combination (see note 2(d)); and

– Derivative financial instruments (see note 2(f)).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 37.

(c) Subsidiaries and non-controlling interests

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

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

– deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12, Income taxes, and HKAS 19, Employee benefits, respectively;

– liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2, Share-based payment; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5, Non-current assets held for sale and discontinued operations, are measured in accordance with that standard.

Goodwill represents the excess of:

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

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

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

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration arising from a business combination for which the acquisition date is before 1 July 2014 and that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, Financial instruments: Recognition and measurement, or HKAS 37, Provisions, contingent liabilities and contingent assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss. Contingent consideration arising from a business combination for which the acquisition date is on or after 1 July 2014 and that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with the corresponding changes in fair value being recognised in profit or loss.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of acquisition of the business (see note 2(d)) less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(ii)).

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

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(g) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Land and buildings	12 years
Leasehold improvements	3 to 5 years
Furniture and fixtures	5 years
Computers and other equipment	3 to 5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

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

(h) Properties under development

Properties under development are carried at lower of cost and net realisable value. Costs including cost of land use right, construction costs, professional fees and other direct development expenditure that are directly attributable to the construction or acquisition of the property are capitalised.

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(k)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the estimated useful lives. The following intangible assets with finite useful lives are amortised from the date when they are available for use and their estimated useful lives are as follows:

Development costs	3 years
Technical know-how	5 years
Programming codes	5 years
Online platforms	5 years
Software systems	5 years
Mobile games	3 years

Both the period and method of amortisation are reviewed annually.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

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

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(k) Impairment of assets

(i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor or borrower;

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

– the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

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

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

– observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (1) adverse changes in the payment status of borrowers in the portfolio; and

  (2) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

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

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

(ii) *Impairment of other assets*

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

– property, plant and equipment;

– intangible assets;

– goodwill; and

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

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(l) Inventories

Inventories, which represent merchandises for resale, are stated at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Loans receivable

Loans receivable are loans granted to customers in the ordinary course of business. If collection of loans receivable is expected in one year or less, they are classified as current assets, or if not, they are presented as non-current assets.

Loans receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see note 2(k)(i)).

(n) Interest receivables

Interest receivables are interests derived from loans granted to borrowers in the ordinary course of business. If collection of interest receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see note 2(k)(i)).

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Interest-bearing borrowings

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

(q) Trade and other payables

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

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(s) Financial assistance from government

The Innovation and Technology Fund ("**ITF**") of the Hong Kong Special Administrative Region government has provided financial assistance to the Group to assist in a specific product development. The funding is unsecured, interest-free and repayable to ITF when revenue is generated from the specific product. The amount repaid, if any, will be in stages and calculated with reference to the revenue generated and received.

(t) Deferred income

Deferred income represents contractual billings/amount due in excess of recognised revenue resulting from services yet to be rendered or in respect of the unexpired terms of the relevant contracts/arrangements, or for which the applicable revenue recognition criteria are not yet satisfied. Revenue is recognised and deferred income is released to profit or loss when the relevant services are rendered or on a time proportion basis over the terms of the relevant contracts/arrangements, or when the applicable revenue recognition criteria are satisfied.

(u) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(v) Income tax

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

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

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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

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

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

  – the same taxable entity; or

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

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(w)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

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

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

(x) Revenue recognition

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

(i) Provision of software platform includes:

(1) Sales of licensed software, which are recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and titles has been passed, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(2) Software maintenance service income received or receivable from customers when the maintenance service contracts are entered into, which is recognised on a straight-line basis over the term of the maintenance service contract;

(3) Software rental and subscription income from software application and website development, which are recognised when the relevant services are rendered; and

(4) Income from mobile application development, website conversion, website development deriving from providing software application and electronic learning platform to customers, which is recognised when services are rendered. Revenue is also recognised in profit or loss in respect of the deferred income over the term of the service contract.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. When a loan and interest receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(iii) Income from mobile gaming includes:

(1) Income from online game platform owners, which is recognised on net basis from platform owners when the paying players purchase the game credits for the mobile games after deducting pre-determined commissions.

(2) Service income from the provision of mobile games development and related services are recognised when the services are rendered.

(3) Revenue of licensing income is recognised in accordance with the terms of agreements.

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantive period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(aa) Discontinued operation

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

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

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

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

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

(ab) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control of the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ac) Segment reporting

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

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

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 38).

4 REVENUE

Revenue represents the sales value of goods and services supplied to customers from the provision of software platform, interest income earned from the money lending business and income generated from mobile games development, as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Continuing operations		
Provision of software platform	19,689	17,214
Interest income from money lending	14,138	1,382
Mobile gaming income	111	–
	33,938	18,596

5 SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, which are used to make strategic decisions.

The Group has three (2015: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

– Software platform – developing and marketing of patented server based technology and the provision of communications software platform and software related services.

– Money lending – provision of money lending business through a wholly-owned subsidiary of the Company which is a money lender licensed in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

– Mobile gaming – game publishing, development of mobile game, application, related intellectual property and platform, and provision of related solutions.

Discontinued operation

– Software platform – the custom-made software development services including urban grid management system, internet marketing of online peer-to-peer ("**P2P**") lending system and other projects.

(a) Business segment

	2016				
	Continuing operations			Discontinued operation	
	Software platform	Money lending	Mobile gaming	Software platform	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	19,689	14,138	111	521	34,459
Reportable segment (loss)/profit	(4,782)	617	(1,944)	(8,237)	(14,346)
Amortisation of intangible assets	2,006	–	–	585	2,591
Depreciation of property, plant and equipment	326	42	21	29	418
Write-off of intangible assets	1,097	–	–	–	1,097
Income tax (credit)/expense	(150)	59	(337)	372	(56)
Reportable segment assets	7,527	183,068	72,766	–	263,361
Additions to non-current assets	169	1,306	34	11	1,520
Reportable segment liabilities	(4,483)	(475)	(12,877)	–	(17,835)

	2015				
	Continuing operations			Discontinued operation	
	Software platform	Money lending	Mobile gaming	Software platform	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	17,214	1,382	–	22,672	41,268
Reportable segment (loss)/profit	(9,775)	151	–	3,448	(6,176)
Amortisation of intangible assets	2,996	–	–	4,721	7,717
Depreciation of property, plant and equipment	368	–	–	60	428
Impairment of intangible assets	1,299	–	–	8,000	9,299
Write-off of intangible assets	3,786	–	–	–	3,786
Income tax expense/(credit)	1,034	30	–	(1,827)	(763)
Reportable segment assets	12,070	113,382	–	30,399	155,851
Additions to non-current assets	1,956	–	–	2,818	4,774
Reportable segment liabilities	(4,425)	(110)	–	(4,291)	(8,826)

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2016	2015
	HK$'000	*HK$'000*
Revenue from continuing operations		
Reportable segment revenue	34,459	41,268
Segment revenue from discontinued operation	(521)	(22,672)
	33,938	18,596
Loss for the year		
Reportable segment loss from continuing operations	(6,109)	(9,624)
Segment (loss)/profit from discontinued operation	(8,237)	3,448
Unallocated corporate income and expenses	(25,949)	(19,789)
	(40,295)	(25,965)
Total assets		
Reportable segment assets from continuing operations	263,361	125,452
Segment assets from discontinued operation	–	30,399
Unallocated corporate assets	188,510	117,968
	451,871	273,819
Total liabilities		
Reportable segment liabilities from continuing operations	17,835	4,535
Segment liabilities from discontinued operation	–	4,291
Unallocated corporate liabilities	135,592	29,426
	153,427	38,252

The unallocated corporate income and expenses mainly include changes in fair value of consideration payable and contingent consideration assets for business combination, staff costs and legal and professional fees of head office. The unallocated corporate assets and liabilities mainly include goodwill, property, plant and equipment, deposits and prepayments, deposits paid for purchase of property, plant and equipment, contingent consideration assets for business combination, consideration payable for business combination and interest-bearing borrowings. This is the measure reported to the chief operating decision-maker for the purposes of performance assessment and resource allocation.

(c) Geographical information and major customers

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, properties under development, intangible assets and goodwill ("**specified non-current assets**"). The geographical location of the specified non-current assets is based on the physical location of the assets, in case of property, plant and equipment and properties under development, and the location of the operation to which they are allocated, in case of intangible assets and goodwill.

	Revenue from external customers		Specified non-current assets	
	2016	**2015**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	33,929	18,428	223,320	31,640
Mainland China	530	22,840	8	81,055
	34,459	41,268	223,328	112,695

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	2016	**2015**
	HK$'000	*HK$'000*
Customer A	N/A#	7,500
Customer B	N/A#	6,180
Customer C	3,511	N/A#

The corresponding revenue did not contribute 10% or more of the total revenue.

6 OTHER REVENUE

	2016	**2015**
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	–	1
Gain on disposal of a subsidiary *(note 31)*	545	–
Other loan interest income	–	160
Cumulative exchange gain reclassified from equity to profit or loss upon deregistration of a subsidiary	46	–
Sundry income	22	14
	613	175

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs:

	2016	**2015**
	HK$'000	*HK$'000*
Continuing operations		
Interest expense on financial liabilities not at fair value through profit or loss		
– Interest on loans from a third party	–	49
– Interest on borrowings	405	–
	405	49

(b) Staff costs (including directors' remuneration (note 10)):

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Salaries, wages and other benefits	24,054	18,571
Contributions to defined contribution retirement plan	1,211	851
	25,265	19,422

(c) Other items:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration	690	562
Amortisation of intangible assets	2,006	2,996
Depreciation of property, plant and equipment	3,283	696
Loss on disposal of property, plant and equipment	2,225	258
Impairment losses on		
– goodwill	1,430	–
– intangible assets	–	1,299
– property, plant and equipment	–	214
Operating lease charges: minimum lease payments		
– property rentals	4,865	1,690
Write-off of intangible assets	1,097	3,786

8 INCOME TAX RELATING TO CONTINUING OPERATIONS

(a) Taxation in the consolidated statement of profit or loss represents:

	2016	2015
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Provision for the year	59	201
Over-provision in respect of prior years	(26)	–
	33	201
Deferred tax (credit)/expense *(note 24(b))*		
Origination and reversal of temporary differences	(461)	(57)
Write-down of deferred tax assets arising from tax losses	–	920
	(461)	863
Actual tax (credit)/expense	(428)	1,064

The provision for Hong Kong Profits Tax for 2016 is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the respective tax jurisdictions.

No provision for Enterprise Income Tax ("**EIT**") of the People's Republic of China (the "**PRC**") has been made for 2016 as the subsidiaries incorporated in the PRC have estimated tax losses for the year (2015: HK$Nil).

(b) Reconciliation between tax (credit)/expense and accounting loss at applicable tax rates:

	2016	**2015**
	HK$'000	*HK$'000*
Loss before taxation from continuing operations	(32,486)	(28,349)
Notional tax credit on loss before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2015: 16.5%)	(5,360)	(4,677)
Tax effect of non-deductible expenses	1,540	107
Tax effect of non-taxable income	(2)	(51)
Tax effect of unused tax losses not recognised	2,778	4,600
Tax effect of utilisation of tax losses not recognised previously	(46)	–
Tax effect of temporary differences not recognised	255	42
Over-provision in respect of prior years	(26)	–
Write-down of deferred tax assets	–	920
Effect of different tax rates of subsidiaries	433	123
Actual tax (credit)/expense	(428)	1,064

9 (LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

On 9 March 2016, the Company entered into a conditional sale and purchase agreement to dispose of the entire interest in Native Hope Limited and its subsidiaries (together, "**NH Group**"), which is principally engaged in the provision of software platform including urban grid management system, internet marketing and other projects. The disposal was completed on 30 June 2016, on which date control of the operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the loss on disposal, are disclosed in note 31.

The results and cash flows from the discontinued operation included in the (loss)/profit for the period/year are set out below:

	1.1.2016 to 30.6.2016 *HK$'000*	1.1.2015 to 31.12.2015 *HK$'000*
(Loss)/profit for the period/year from discontinued operation		
Revenue	521	22,672
Other revenue	8	83
Expenses	(4,527)	(21,134)
(Loss)/profit before taxation	(3,998)	1,621
Income tax (expense)/credit	(372)	1,827
(Loss)/profit from operating activities, net of tax	(4,370)	3,448
Loss on disposal of discontinued operation, net of nil tax *(note 31)*	(3,867)	–
(Loss)/profit for the period/year from discontinued operation	(8,237)	3,448
Attributable to:		
– owners of the Company	(6,759)	9,282
– non-controlling interests	(1,478)	(5,834)
	(8,237)	3,448
Cash flows from discontinued operation		
Operating activities	(8,701)	15,728
Investing activities	(10)	(1,522)
Financing activities	–	–
Effect of foreign exchange rate changes on cash and cash equivalents	(44)	(266)
Net cash (outflow)/inflow for the period/year	(8,755)	13,940

10 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the GEM Listing Rules are as follows:

	Directors' fees		Salaries, allowance and benefits in kind		Discretionary bonuses		Retirement scheme contributions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Present directors										
Executive directors										
Chan Wai Kit	–	–	1,080	742	52	100	18	15	1,150	857
Hung Tat Chi, Alan *(note 1)*	–	–	299	–	–	–	15	–	314	–
Mui Yuk Wah *(note 2)*	–	–	512	–	–	–	16	–	528	–
Wong Chi Yan	–	–	965	575	112	81	18	11	1,095	667
Independent non-executive directors										
Fok Kin Fung, Eric *(note 3)*	100	–	–	–	–	–	–	–	100	–
Lee Nim Wai *(note 4)*	95	–	–	–	–	–	–	–	95	–
Leung Man Chun *(note 5)*	102	–	–	–	–	–	–	–	102	–
Former directors										
Executive directors										
Guo Keqin *(note 6)*	–	–	206	226	–	23	4	4	210	253
Lam Kit Yan *(note 7)*	–	–	87	–	–	–	–	–	87	–
Mo Wai Ming, Lawrence *(note 8)*	–	–	–	370	–	–	–	14	–	384
Wen Jialong *(note 9)*	–	–	–	423	–	100	–	7	–	530
Zhang Weijie *(note 10)*	–	–	229	252	–	25	4	4	233	281
Zhang Xiaozheng *(note 11)*	–	–	–	47	–	–	–	–	–	47
Non-executive directors										
Chan Tik Yuen *(note 12)*	–	–	–	42	–	–	–	–	–	42
Lan Hong Tsung, David *(note 13)*	–	–	–	353	–	–	–	–	–	353
Xu Zhigang *(note 14)*	–	–	–	66	–	–	–	–	–	66
Independent non-executive directors										
Chui Kwong Kau *(note 15)*	25	120	–	–	–	–	–	–	25	120
Chui Chi Yun, Robert *(note 16)*	21	78	–	–	–	–	–	–	21	78
Chan Wai Fat *(note 17)*	–	42	–	–	–	–	–	–	–	42
Chi Chi Hung, Kenneth *(note 18)*	–	94	–	–	–	–	–	–	–	94
Lam Wing Tai *(note 19)*	6	25	–	–	–	–	–	–	6	25
Zeng Shiquan *(note 20)*	12	–	–	–	–	–	–	–	12	–
	361	359	3,378	3,096	164	329	75	55	3,978	3,839

Notes:

1. Appointed on 2 March 2016
2. Appointed on 23 February 2016
3. Appointed on 2 March 2016
4. Appointed on 16 March 2016
5. Appointed on 23 February 2016
6. Appointed on 16 October 2015 and resigned on 9 March 2016
7. Appointed on 18 January 2016 and resigned on 23 February 2016
8. Resigned on 8 October 2015
9. Resigned on 7 May 2015
10. Appointed on 16 October 2015 and resigned on 9 March 2016
11. Appointed on 27 May 2015 and resigned on 16 October 2015
12. Retired on 7 May 2015
13. Appointed on 6 March 2015 and resigned on 8 October 2015
14. Resigned on 6 March 2015
15. Resigned on 16 March 2016
16. Appointed on 7 May 2015 and resigned on 2 March 2016
17. Retired on 7 May 2015
18. Resigned on 13 October 2015
19. Appointed on 16 October 2015 and resigned on 18 January 2016
20. Appointed on 18 January 2016 and resigned on 23 February 2016

No directors waived any emoluments during the year (2015: HK$Nil).

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2015: three) are directors whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining two (2015: two) individuals are as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Salaries and other emoluments	1,119	852
Retirement scheme contributions	29	36
	1,148	888

The emoluments of the remaining two (2015: two) individuals with the highest emoluments are within the following band:

	2016	**2015**
	Number of employees	*Number of employees*
HK$Nil – HK$1,000,000	2	2

12 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

(i) From continuing and discontinued operations

The calculation is based on the loss for the year attributable to owners of the Company of HK$37,986,000 (2015: HK$20,131,000) and the weighted average number of ordinary shares of 728,200,607 (2015(restated): 415,733,469) in issue during the year.

(ii) From continuing operations

The calculation is based on loss for the year from continuing operations attributable to owners of the Company of HK$31,227,000 (2015: HK$29,413,000) and the weighted average number of ordinary shares of 728,200,607 (2015(restated): 415,733,469) in issue during the year.

(iii) From discontinued operation

The calculation is based on loss for the year from the discontinued operation attributable to owners of the Company of HK$6,759,000 (2015: profit of HK$9,282,000) and the weighted average number of ordinary shares of 728,200,607 (2015(restated): 415,733,469) in issue during the year.

The weighted average number of ordinary shares for 2015 above has been adjusted retrospectively for the share consolidation and open offer which were completed on 22 February 2016 and 17 May 2016 respectively (see notes 27(a)(iv) and 27(a)(vi)).

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the years ended 31 December 2016 and 2015 is the same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in issue.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improvements	Furniture and fixtures	Computers and other equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 January 2015	–	379	226	1,144	698	2,447
Additions	–	5	12	273	5,395	5,685
Disposals	–	(272)	(47)	–	–	(319)
Transfers	–	(61)	56	5	–	–
Exchange adjustments	–	–	–	(7)	–	(7)
At 31 December 2015 and 1 January 2016	–	51	247	1,415	6,093	7,806
Additions	49,484	2,503	450	250	250	52,937
Additions through business combination *(note 29)*	–	42	29	76	–	147
Disposals	–	–	(32)	(169)	(4,780)	(4,981)
Disposal of subsidiaries	–	(15)	(78)	(218)	(558)	(869)
Exchange adjustments	–	–	(2)	(12)	–	(14)
At 31 December 2016	49,484	2,581	614	1,342	1,005	55,026
Accumulated depreciation and impairment						
At 1 January 2015	–	38	52	457	35	582
Charge for the year	–	53	70	393	240	756
Eliminated on disposals	–	(56)	(5)	–	–	(61)
Impairment loss	–	–	–	–	214	214
Exchange adjustments	–	–	–	(1)	–	(1)
At 31 December 2015 and 1 January 2016	–	35	117	849	489	1,490
Charge for the year	2,405	79	70	358	400	3,312
Eliminated on disposals	–	–	(8)	(129)	(319)	(456)
Disposal of subsidiaries	–	(7)	(52)	(141)	(248)	(448)
Exchange adjustments	–	–	(3)	(10)	–	(13)
At 31 December 2016	2,405	107	124	927	322	3,885
Carrying amount						
At 31 December 2016	47,079	2,474	490	415	683	51,141
At 31 December 2015	–	16	130	566	5,604	6,316

As at 31 December 2016, land and buildings of the Group with carrying amount of HK$47,079,000 (2015: HK$Nil) have been pledged to secure interest-bearing borrowings granted to the Group (see note 23).

The analysis of carrying amount of land and buildings of the Group is as follows:

	2016	2015
	HK$'000	*HK$'000*
In Hong Kong – Medium-term lease	47,079	–

Impairment loss

As at 31 December 2015, the directors assessed the recoverable amount of a motor vehicle and as a result the carrying amount of the motor vehicle was written down to its recoverable amount of HK$310,000. An impairment loss of approximately HK$214,000 was recognised in "Administrative expenses". The estimate of recoverable amount was based on the motor vehicle's fair value less costs of disposal, by obtaining a formal quotation from a car agent. The fair value on which the recoverable amount is based on is categorised as Level 1 measurement. The motor vehicle is an unallocated corporate asset for segment reporting purpose. It was disposed by the Group through disposal of subsidiaries during the year ended 31 December 2016.

14 PROPERTIES UNDER DEVELOPMENT

The balance as at 31 December 2015 comprised prepaid lease payment for the land use rights, professional fees, amortisation of prepaid lease payment capitalised and other related fees and taxes with respect to the development of the properties. The leasehold land held under operating lease included in the carrying amount of properties under development is situated in the PRC under medium-term lease.

On 30 June 2016, the Group derecognised the properties under development with a carrying amount of approximately HK$2,652,000 through disposal of subsidiaries.

15 INTANGIBLE ASSETS

	Development costs	Technical know-how	Programming codes	Online platforms	Software systems	Mobile games	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note (a))	*(note (b))*	*(note (b))*	*(note (b))*	*(note (b))*	*(note (c))*	
Cost							
At 1 January 2015	8,181	1,023	2,663	1,104	23,605	–	36,576
Additions through internal development	1,719	–	–	–	–	–	1,719
Write-off *(note (e))*	(3,786)	–	–	–	–	–	(3,786)
Exchange adjustments	–	–	–	–	(1,680)	–	(1,680)
At 31 December 2015 and 1 January 2016	6,114	1,023	2,663	1,104	21,925	–	32,829
Additions through business combination	–	–	–	–	–	66,768	66,768
Additions through internal development	–	–	–	–	24	–	24
Disposal of subsidiaries	(3,812)	–	(305)	(501)	(21,671)	–	(26,289)
Write-off *(note (e))*	(124)	–	(370)	(603)	–	–	(1,097)
Exchange adjustments	–	–	–	–	(278)	–	(278)
At 31 December 2016	2,178	1,023	1,988	–	–	66,768	71,957
Accumulated amortisation and impairment							
At 1 January 2015	1,516	410	864	114	194	–	3,098
Charge for the year	2,038	205	532	221	4,721	–	7,717
Impairment loss *(note (e))*	1,299	–	–	–	8,000	–	9,299
Exchange adjustments	–	–	–	–	(350)	–	(350)
At 31 December 2015 and 1 January 2016	4,853	615	1,396	335	12,565	–	19,764
Charge for the year	1,137	205	498	166	585	–	2,591
Disposal of subsidiaries	(3,812)	–	(305)	(501)	(12,973)	–	(17,591)
Exchange adjustments	–	–	–	–	(177)	–	(177)
At 31 December 2016	2,178	820	1,589	–	–	–	4,587
Carrying amount							
At 31 December 2016	–	203	399	–	–	66,768	67,370
At 31 December 2015	1,261	408	1,267	769	9,360	–	13,065

(a) Development costs

Development costs represent expenditure incurred for developing electronic software products that has been recognised in accordance with the accounting policy set out in note 2(i) and are internally generated.

(b) Technical know-how, programming codes, online platforms and software systems

All of the Group's technical know-how, programming codes, online platforms and software systems were purchased as part of business combinations in prior years.

Included in software systems as at 31 December 2015 was an amount of HK$8,896,000 and HK$464,000 representing the carrying amount of the urban grid management system and the P2P lending system acquired in the NH Acquisition on 17 December 2014. They both have a remaining amortisation period of 4 years as at 31 December 2015.

On 30 June 2016, the Group disposed the entire equity interest in NH Group and the carrying amount of software systems (comprising the urban grid management system and the P2P lending system) of HK$8,698,000 was derecognised.

(c) Mobile games

On 25 October 2016, the Group acquired 60% equity interest in First Surplus Investments Ltd. ("**First Surplus**") and its subsidiaries (together, "**FS Group**"). FS Group is principally engaged in game publishing, development of mobile game, application, related intellectual property and platform, and provision of related solutions. Intangible assets of mobile games of HK$66,768,000 was identified and arose from this business combination.

There is no amortisation charge of mobile games for the year ended 31 December 2016 as the intangible assets are not yet available for use.

(d) The amortisation charges for the year are included in "Administrative expenses" in the consolidated statement of profit or loss.

(e) Impairment loss and write-off

On 30 September 2016, the management realised that certain electronic software previously developed does not fit to the requirements of the customers and does not generate as much revenue as previously expected. As a result, the carrying amount of the electronic software of HK$1,097,000 was fully written off in "Administrative expenses".

On 1 October 2015, the management abandoned certain electronic software development projects due to the fact that experienced staffs were occupied by these development projects which ultimately and adversely affected the deployments of other projects and deteriorate the profits generated from the ongoing business. As a result, the carrying amount of the development costs of HK$3,786,000 was fully written off in "Administrative expenses".

As at 31 December 2015, the management realised that certain electronic software previously developed does not fit to the requirements of the customers and does not generate as much revenue as previously expected. The Group assessed the recoverable amount of those electronic software and as a result the carrying amount was written down to their recoverable amount of HK$1,261,000. An impairment loss of HK$1,299,000 was recognised in "Administrative expenses". The estimates of recoverable amount were based on the electronic software's value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a pre-tax discount rate of 5%.

As at 31 December 2015, the management noticed that penetration of the provision of the development services of the urban grid management system into the governmental market is not satisfied. The provision of internet marketing of the P2P lending system has also been adversely affected by the enhancing standards of the PRC regulatory requirements over such kind of online financial services, the operating costs and profitability of the business generated by the P2P lending system has been adversely affected. The Group assessed the recoverable amounts of these software systems and as a result the carrying amount was written down to the recoverable amount of HK$8,896,000 and HK$464,000 respectively. An impairment loss of HK$4,298,000 and HK$3,702,000 respectively was recognised in "Administrative expenses". The estimates of recoverable amount were based on the software systems' value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management. The cash flows are discounted using a pre-tax rate of 37.8% and 44.2% respectively.

16 GOODWILL

	2016	2015
	HK$'000	*HK$'000*
At 1 January	90,510	95,783
Arising on acquisition of subsidiaries	89,433	–
Impairment loss	(1,430)	–
Disposal of subsidiaries	(67,972)	–
Exchange adjustments	(872)	(5,273)
At 31 December	109,669	90,510

Impairment test for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("**CGUs**") identified according to country of operation and operating segment as follows:

	2016	2015
	HK$'000	*HK$'000*
Software platform – Hong Kong ("**Unit A**")	20,236	20,236
Mobile gaming – Hong Kong ("**Unit B**")	89,433	–
Software platform – the PRC ("**Unit C**")	–	68,844
Software platform – Hong Kong ("**Unit D**")	–	1,430
	109,669	90,510

The directors have reviewed the carrying amount of goodwill in accordance with HKAS 36 as follows:

Unit A

The recoverable amount of Unit A is determined based on value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3.0% (2015: 3.0%). This growth rate does not exceed the long-term average growth rates for the market in which Unit A operates. The cash flows are discounted using a discount rate of 22.2% (2015: 21.9%). The discount rate used is pre-tax and reflects specific risks relating to Unit A. Other key assumption for the value-in-use calculation relates to the estimation of cash inflows/outflows which included budgeted sales, such estimation is based on Unit A's past performance and management's expectations for the market development including the fluctuation in software platform business in the current economic environment in Hong Kong.

In the opinion of the directors, any reasonably possible change in any of these assumptions would not cause the carrying amount of Unit A to exceed its recoverable amount.

Unit B

The recoverable amount of the Unit B as at 31 December 2016 is determined based on value-in-use calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3.0% which is consistent with the forecast included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which Unit B operates. The cash flows are discounted using a discount rate of 23.2%. The discount rate used is pre-tax and reflects specific risks relating to Unit B. Other key assumption for the value-in-use calculation relates to the estimation of cash inflows/outflows which included budgeted sales, such estimation is based on Unit B's past performance and management's expectation for the market development including the fluctuation in mobile gaming business in the current economic environment in Hong Kong.

In the opinion of the directors, any reasonably possible change in any of these assumptions would not cause the carrying amount of Unit B to exceed its recoverable amount.

Unit C

The recoverable amount of Unit C is determined based on value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3.0%. This growth rate does not exceed the long-term average growth rates for the market in which Unit C operates. The cash flows are discounted using a discount rate of 35.4%. The discount rate used is pre-tax and reflects specific risks relating to Unit C. Other key assumption for the value-in-use calculation relates to the estimation of cash inflows/outflows which included budgeted sales, such estimation is based on Unit C's past performance and management's expectation for the market development including the fluctuation in software platform business in the current economic environment in the PRC.

As at 31 December 2015, the recoverable amount of Unit C calculated based on value-in-use exceeded carrying amount by approximately HK$5,028,000.

Unit D

The recoverable amount of Unit D as at 31 December 2015 is determined based on value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3.0%. This growth rate does not exceed the long-term average growth rates for the market in which Unit D operates. The cash flows are discounted using a discount rate of 20.0%. The discount rate used is pre-tax and reflects specific risks relating to Unit D. Other key assumption for the value-in-use calculation relates to the estimation of cash inflows/outflows which included budgeted sales, such estimation is based on Unit D's past performance and management's expectation for the market development including the fluctuation in software platform business in the current economic environment in the Hong Kong.

On 30 September 2016, the management realised that the performance of software platform business under Unit D was worsen than expected due to the tough market competition. After the assessment on the respective date, the management determined to recognise a full impairment of Unit D in respect of the decline of operating performance. As a result, impairment loss of HK$1,430,000 was recognised in "Administrative expenses".

Based on the assessment results, the directors are of the opinion that there are no indications that the carrying amount of the goodwill has to be impaired, except for Unit D as described above.

17 TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	4,814	6,344
Deposits and prepayments	6,367	2,240
Other receivables	50	517
	11,231	9,101

All of the Group's trade and other receivables, apart from certain deposits of HK$878,000 (2015: HK$309,000), are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	2,217	2,949
More than 1 but less than 3 months	1,364	1,642
More than 3 but less than 6 months	522	1,108
More than 6 but less than 12 months	541	532
Over 12 months	170	113
	4,814	6,344

Trade receivables are normally due on presentation of billing or within 30 days from the date of billing. Further details on the Group's credit policy are set out in note 28(a).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(k)(i)).

No impairment losses were recognised on trade receivables for the years ended 31 December 2016 and 2015.

(c) Trade receivables that are not impaired

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

	2016	**2015**
	HK$'000	*HK$'000*
Neither past due nor impaired	2,217	1,832
Less than 1 month past due	949	1,603
1 to 3 months past due	859	1,567
More than 3 but less than 6 months past due	110	722
More than 6 but less than 12 months past due	587	507
More than 12 months past due	92	113
	2,597	4,512
	4,814	6,344

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

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

18 LOANS RECEIVABLE

The Group's loans receivable arise from the money lending business of providing loans in Hong Kong by a wholly-owned subsidiary of the Company. The Group seeks to maintain strict control over its outstanding loans receivable to minimise credit risk. Overdue balances are reviewed regularly by management.

	2016	**2015**
	HK$'000	*HK$'000*
Secured loans by personal guarantees	66,000	35,000
Unsecured loans	104,320	76,800
	170,320	111,800
Current portion included under current assets	(165,320)	(111,800)
Amounts due after 1 year included under non-current assets	5,000	–

Loans receivable are interest-bearing at rates ranging from 10% to 36% (2015: 10%) per annum and repayable on maturity date under the terms in contractual agreements or on demand in writing by the Group.

(a) Ageing analysis

Ageing analysis is prepared based on contractual due date:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	152,220	111,800
Less than 1 month past due	6,625	–
1 to 3 months past due	11,475	–
	18,100	–
	170,320	111,800

The credit quality of loans receivable that are neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have defaults in the past.

In respect of loans receivable which have been past due, the amounts mainly represent occasional delay in repayment and they were fully settled subsequent to the end of the reporting period. Accordingly, the management is of the opinion that no impairment allowance on these individual loans is necessary.

19 INTEREST RECEIVABLES

The Group's interest receivables arise from the money lending business of providing loans in Hong Kong by a wholly-owned subsidiary of the Company.

Interest receivables, apart from the interest receivables derived from loan balances of HK$66,000,000 (2015: HK$35,000,000) which are secured by personal guarantees from the borrowers' guarantors, are unsecured. All of the interest receivables are repayable on maturity date under the terms in contractual agreements or on demand in writing by the Group.

As at 31 December 2016, all of the interest receivables are neither past due nor impaired, and are wholly repayable within one year.

20 CASH AND CASH EQUIVALENTS

	2016	2015
	HK$'000	*HK$'000*
Cash at banks and on hand	11,500	38,725

As at 31 December 2016, the cash and cash equivalents of the Group denominated in Renminbi ("**RMB**") amounted to HK$111,000 (2015: HK$3,602,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21 TRADE AND OTHER PAYABLES

All trade and other payables are expected to be settled or recognised as income within one year or repayable on demand.

22 FINANCIAL ASSISTANCE FROM GOVERNMENT

	2016	2015
	HK$'000	*HK$'000*
Financial assistance from government	114	371
Current portion included under current liabilities	(114)	(325)
Amounts due after 1 year included under non-current liabilities	–	46

In the opinion of the directors, an amount of approximately HK$114,000 (2015: HK$325,000) will be repayable to ITF within 1 year by reference to the forecast revenue generated from the specific products.

In the opinion of the directors, the carrying amount of financial assistance from government approximates its fair value.

23 INTEREST-BEARING BORROWINGS

As at 31 December 2016, the interest-bearing borrowings represent a loan of HK$28,000,000 granted by a finance company to a subsidiary. The loan was secured by the Group's land and buildings with a carrying amount of HK$47,079,000 and corporate guarantee from the Company. The loan carries an interest rate of the Best Lending Rate from Hongkong and Shanghai Banking Corporation Limited plus 3% per annum and is wholly repayable on or before 28 November 2018. The relevant loan agreement does not contain any repayment on demand clauses.

24 DEFERRED TAX AND CURRENT TAX BALANCES

(a) Current taxation in the consolidated statement of financial position represents:

	2016	2015
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax for the year	59	1,339
Provisional Profits Tax paid	–	(244)
	59	1,095
Balance of Profits Tax provision relating to prior year	30	–
	89	1,095
Represented by:		
Current tax recoverable	–	(79)
Current tax payable	89	1,174
	89	1,095

(b) Deferred tax assets/liabilities recognised

The component of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax assets/(liabilities) arising from:	Tax losses	Depreciation allowance in excess of the related depreciation	Fair value adjustment on intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2015	926	–	(6,277)	(5,351)
(Charged)/credited to profit or loss from continuing operations *(note 8(a))*	(920)	–	57	(863)
(Charged)/credited to profit or loss from discontinued operation	(6)	–	3,180	3,174
Exchange adjustments	–	–	333	333
At 31 December 2015 and 1 January 2016	–	–	(2,707)	(2,707)
Additions through business combination	4,454	(13)	(11,017)	(6,576)
Credited/(charged) to profit or loss from continuing operations	339	(2)	124	461
Credited/(charged) to profit or loss from discontinued operation	–	–	146	146
Disposal of subsidiaries	–	–	2,314	2,314
Exchange adjustments	–	–	24	24
At 31 December 2016	4,793	(15)	(11,116)	(6,338)

(c) Deferred tax assets/liabilities not recognised

As at 31 December 2016, the Group has cumulative tax losses of approximately HK$95,177,000 (2015: HK$63,051,000). Of which, the Group has recognised deferred tax assets in respect of these tax losses to the extent of approximately HK$29,049,000 (2015: HK$Nil). The Group has not recognised deferred tax assets in respect of the remaining tax losses of approximately HK$66,128,000 (2015: HK$63,051,000) due to the unpredictability of future profit streams. Other temporary differences are not material.

The unrecognised tax losses will expire in the following years ending 31 December:

	2016	**2015**
	HK$'000	*HK$'000*
2021	977	–
2020	1,206	3,542
2019	790	2,599
2018	319	1,749
2017	180	1,411
2016	–	153
No expiry date	62,656	53,597
	66,128	63,051

25 DEFINED CONTRIBUTION RETIREMENT PLANS

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the scheme vest immediately.

The employees of the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represents for the entire pension obligations payable to retired employees.

In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2016 and 2015 in respect of the retirement of its employees.

26 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 8 May 2013, the Company passed an ordinary resolution at the annual general meeting regarding the termination of the old share option scheme which was adopted on 25 November 2003 (the "**Old Share Option Scheme**") and adopted a new share option scheme (the "**New Share Option Scheme**") whereby the board of directors of the Company may, at its discretion, grant share options to the eligible participants including any employees, directors, suppliers, consultants, agents and advisers or any person in the sole discretion of the board of directors for the primary purpose to recognise and motivate their contributions to the Group.

On 29 April 2016, the Company passed an ordinary resolution at the extraordinary general meeting to amend the definition of "Eligible Participant" of the New Share Option Scheme and the definition of "Invested Entity" be added to the New Share Option Scheme ("**Amendments to the New Share Option Scheme**").

Unless it is approved by shareholders in a general meeting of the Company, the maximum number of shares available for subscription under Amendments to the New Share Option Scheme or any other option scheme adopted by the Company is subject to:

(i) The maximum number of shares of the Company which may be issued upon exercise of all options granted under Amendments to the New Share Option Scheme or any other share option scheme adopted by the Company must not exceed 30% of its issued share capital from time to time; and

(ii) The total number of shares which may be issued upon exercise of all options to be granted under Amendments to the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed Amendments to 10% of the shares in issue at the date of the approval of the New Share Option Scheme/at the date of passing the relevant resolution in general meeting.

The maximum number of shares issuable under the options to each eligible participant in any 12-month period is limited to 1% of the shares in issue unless it is approved by shareholders in general meeting of the Company.

Any grant of options under Amendments to the New Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the proposed grantee of the options).

Any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of each grant) in excess of HK$5,000,000, in any 12-month period, are subject to shareholders' approval in general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of the offer of the option. The consideration for a grant of options by the Company is HK$1.00. The exercise period of the share options granted is determined by the board of directors.

The exercise price of the share options is determined by the board of directors providing that the price shall not be less than the highest of (i) the closing price of the shares on the GEM as stated in the Stock Exchange's daily quotations sheets on the date of the offer, which must be a trading day; (ii) the average closing price of the shares on the GEM as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the shares.

No share option under the Old Share Option Scheme or Amendments to the New Share Option Scheme was granted or outstanding during the years ended 31 December 2016 and 2015.

27 CAPITAL AND RESERVES

(a) Share capital

(i) Authorised and issued share capital

	Number of shares	Amount
	'000	*HK$'000*
Authorised:		
Ordinary shares		
At 1 January 2015 of HK$0.02 each	2,000,000	40,000
Share subdivision *(note (ii))*	8,000,000	–
At 31 December 2015 and 1 January 2016 of HK$0.004 each	10,000,000	40,000
Share consolidation *(note (iv))*	(9,000,000)	–
Increase in authorised share capital *(note (v))*	2,000,000	80,000
At 31 December 2016 of HK$0.04 each	3,000,000	120,000
Issued and fully paid:		
Ordinary shares		
At 1 January 2015 of HK$0.02 each	600,000	12,000
Share subdivision *(note (ii))*	2,400,000	–
Issue of shares *(note (iii))*	2,040,000	8,160
At 31 December 2015 and 1 January 2016 of HK$0.004 each	5,040,000	20,160
Share consolidation *(note (iv))*	(4,536,000)	–
Issue of shares *(note (vi))*	403,200	16,128
At 31 December 2016 of HK$0.04 each	907,200	36,288

(ii) Share subdivision in 2015

By an ordinary resolution passed at the extraordinary general meeting on 5 January 2015, every issued and unissued ordinary share of HK$0.02 each was subdivided into five new ordinary shares of HK$0.004 each (the "**Share Subdivision**"). Following the Share Subdivision which became effective on 6 January 2015, the Company's authorised share capital was HK$40,000,000 divided into 10,000,000,000 shares of HK$0.004 each, of which 3,000,000,000 ordinary shares were in issue and fully paid.

(iii) Issue of shares in 2015

On 19 January 2015, the Company issued 600,000,000 ordinary shares of HK$0.004 each on the basis of one new share for every five existing shares then held (the "**Bonus Issue**"). These new shares were credited as fully paid by capitalisation of HK$2,400,000 standing to the credit of share premium account. Details of the Bonus Issue are set out in the Company's circular and announcement dated 17 December 2014 and 19 January 2015 respectively.

Pursuant to the placing made by the Company on 29 April 2015, the Company issued 600,000,000 ordinary shares of HK$0.004 each at a subscription price of HK$0.10 per share, resulting in net proceeds of approximately HK$58,909,000.

Pursuant to the placing made by the Company on 11 November 2015, the Company issued 840,000,000 ordinary shares of HK$0.004 each at a subscription price of HK$0.10 per share, resulting in net proceeds of approximately HK$81,606,000.

(iv) *Share consolidation in 2016*

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, every 10 issued and unissued ordinary shares of HK$0.004 each were consolidated into 1 new ordinary share of HK$0.04 each (the "**Share Consolidation**"). Following the Share Consolidation which has become effective on 22 February 2016, the authorised share capital of the Company was HK$40,000,000 divided into 1,000,000,000 shares of HK$0.04 each, of which 504,000,000 shares were in issue and fully paid.

(v) *Increase in authorised share capital in 2016*

Upon the Share Consolidation becoming effective, the authorised share capital of the Company was increased from HK$40,000,000 divided into 1,000,000,000 ordinary shares of HK$0.04 each to HK$120,000,000 divided into 3,000,000,000 ordinary shares of HK$0.04 each by creation of additional 2,000,000,000 ordinary shares of HK$0.04 each.

(vi) *Issue of shares in 2016*

On 17 May 2016, the Company issued 252,000,000 ordinary shares of HK$0.04 each at a subscription price of HK$0.24 per ordinary share on the basis of one new share for every two existing shares held (the "**Open Offer**"), resulting in net proceeds of approximately HK$57,680,000. Details of the Open Offer are set out in the Company's prospectus and announcement dated 22 April 2016 and 16 May 2016 respectively.

On 3 August 2016, the Company issued 151,200,000 ordinary shares of HK$0.04 each pursuant to a placing under general mandate at a price of HK$0.129 per ordinary share, resulting in net proceeds of approximately HK$19,309,000.

(b) Nature and purpose of reserves

(i) *Share premium*

Under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall in the ordinary course of business.

(ii) *Capital reserve*

The capital reserve represents capital contribution from shareholders in the form of interest-free loans. The amounts are estimated by discounting the nominal value of their non-interest bearing loans to the Group at current market interest rate for similar financial instruments. An early repayment of interest-free loans represents a reduction in contribution from shareholders and reduces capital reserve accordingly.

(iii) *Capital surplus*

Capital surplus comprises the unconditional waiver of loans and advances by shareholders of the Company and the Group's former subsidiary.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(y).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments as to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes financial assistance from government and consideration payable for business combination), less cash and cash equivalents. Adjusted capital comprises all components of equity.

The directors of the Company review the capital structure on an ongoing basis. As part of this review, the directors consider the cost of debt and cost of capital. Based on the recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

(d) Distributability of reserves

As at 31 December 2016, the aggregate amounts of reserves available for distribution to owners of the Company was HK$222,862,000 (2015: HK$172,227,000).

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, loans receivable, interest receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are normally due on presentation of billing or due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers. As at 31 December 2016, the Group had a certain concentration of credit risk as 20% (2015: 17%) of the total trade receivables was due from the largest debtor.

For loans and interest receivables, the Group manages and analyses the credit risk for each of the new and existing borrowers before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the borrower based on the borrower's financial position, past experience and other factors. For loans principal exceeding a predetermined amount, the Group holds collateral against these loans receivable and interest receivables in the form of guarantee executed by the guarantor. Individual risk limits are set based on the value of collaterals provided by borrowers, if required, and internal or external ratings in accordance with limits set by the directors. The credit quality classification of loans receivable and their respective interest receivables using the Group's credit rating system is set out in the table below:

	2016	**2015**
	HK$'000	*HK$'000*
Performing	156,215	113,182
Doubtful	18,100	–
Loss	–	–
	174,315	113,182

The Group considers the loans and respective interest receivables as doubtful if the repayment of principal and/or of interest has been overdue and principal, accrued interest and/or future interest may not be fully secured by the collaterals. The Group considers the loans and respective interest receivables as loss if the repayment of principal and/or of interest has been overdue for more than 12 months and the collection of principal and/or of interest in full is improbable.

The Group estimates and recognises impairment losses for the loans and interest receivables considered as "doubtful" and "loss", taking into account of the fair values of collaterals which are inadequate to cover the loans and interest receivables. The amount of doubtful and loss of loans and interest receivables were HK$Nil (2015: HK$Nil) as at 31 December 2016.

The Group performs collective assessment of the loans receivable considered as "performing" by grouping together all its receivables with similar credit risk characteristics. The impairment review is carried out on all those loans and interest receivables based on the historical impairment rates. Since the historical impairment rate is zero during the current and prior year, the management therefore considers that the collective impairment loss is HK$Nil (2015: HK$Nil) as at 31 December 2016.

The amount of provision for impairment is monitored by the management on a monthly basis.

Loans to the top borrower and top five borrowers constituted approximately 21% and 52% (2015: 31% and 65%) of the Group's loans receivable balance respectively as at 31 December 2016.

The directors consider that the credit risk arising from the loans receivable is significantly mitigated by the collaterals held, if required.

Cash and cash equivalents are normally placed at financial institutions that have sound credit ratings and the directors consider that the credit risk in liquid funds is limited.

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables and loans receivable are set out in notes 17 and 18 respectively.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

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

31 December 2016	**Carrying amount**	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	3,268	3,268	3,268	–
Financial assistance from government	114	114	114	–
Interest-bearing borrowings	28,000	32,480	2,427	30,053
Consideration payable for business combination	106,623	121,000	–	121,000
	138,005	156,862	5,809	151,053

31 December 2015	**Carrying amount**	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	2,481	2,481	2,481	–
Financial assistance from government	371	371	325	46
Consideration payable for business combination	28,247	30,000	10,000	20,000
	31,099	32,852	12,806	20,046

(c) Interest rate risk

The Group's interest rate risk arises primarily from loans receivable, consideration payable for business combination and interest-bearing borrowings. Borrowings issued at fixed rate and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-earning loans and interest-bearing borrowings at the end of the reporting period.

	2016		2015	
	Effective interest rate %	*HK$'000*	Effective interest rate %	*HK$'000*
Net fixed rate deposits				
Loans receivable	10.0%–36.0%	170,320	10.0%	111,800
Consideration payable for business combination	7.2%	(110,000)	N/A	–
		60,320		111,800
Variable rate borrowings				
Interest-bearing borrowings	8.0%	(28,000)	N/A	–
Net exposure		32,320		111,800

(ii) Sensitivity analysis

As at 31 December 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss after tax and accumulated losses by approximately HK$234,000 (2015: HK$Nil).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2015.

(d) Currency risk

The Group's business activities and its assets and liabilities were denominated in HK$ and RMB. The management considers the Group is not exposed to significant foreign currency risk as most sales, income, purchases and expenses are denominated in the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(e) Categories of financial instruments

	2016	**2015**
	HK$'000	*HK$'000*
Financial assets		
Contingent consideration assets for business combination	17,971	–
Loan and receivables (including cash and cash equivalents)	199,080	160,109
Prepayment option embedded in promissory note issued	837	–
	217,888	160,109
Financial liabilities		
Financial liabilities measured at amortised cost	31,383	2,852
Consideration payable for business combination, measured at fair value	106,623	28,247
	138,006	31,099

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Contingent consideration assets for business combination, prepayment option embedded in promissory note issued and consideration payable for business combination include contingent consideration are measured at fair value at the end of each reporting period on a recurring basis. The fair value measurements of these financial assets and liabilities are categorised as Level 3, whose fair value is measured using significant unobservable inputs, as defined in HKFRS 13, Fair value measurement.

The Group's finance department performs valuations for the Level 3 financial instruments. The finance department reports directly to the management and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the finance department with external valuation specialists appointed by the Group at each annual reporting date, and is reviewed and approved by the management. Discussion of the valuation process and results with the management and the audit committee is held once a year.

The following table provides information about Level 3 fair value measurements:

	Valuation techniques	Significant unobservable input
Financial assets		
Contingent consideration assets for business combination	Binomial Lattice model	Discounted cash flows used to derive the estimated fair value of FS Group and the probability of the Put Option (as defined in note 29(b)) being exercised
Prepayment option embedded in promissory note issued	Binomial Lattice model	N/A
Financial liabilities		
Consideration payable for business combination	Discounted cash flow	Discount rate and the probability-adjusted revenue and profit of FS Group (2015: NH Group) used to derive the discounted cash flow

The fair value of contingent consideration assets for business combination is determined using binomial lattice model and the significant unobservable input used in the fair value measurement is the discounted cash flows used to derive the estimated fair value of FS Group and the probability of the Put Option being exercised. The fair value measurement is negatively related to the discounted cash flows, i.e. an increase in discounted cash flows would result in a decrease in the fair value measurement, and vice versa. Conversely, the fair value measurement is positively related to the discounted cash flows, i.e. an increase in probability of the Put Option being exercised would result in an increase in the fair value measurement, and vice versa.

The fair value of prepayment option embedded in the promissory note issued is determined using binomial lattice model. The fair value is insignificant to the consolidated statement of financial position and any changes to the unobservable input would not result in significant changes in the fair value measurement.

The fair value of consideration payable for business combination is determined using discounted cash flow method to capture the present value of the expected future cash outflows of the Group. The fair value measurement is negatively related to the discount rate used, i.e. an increase in discounted rate used in isolation would result in a decrease in the fair value measurement, and vice versa. Conversely, the fair value measurement is positively related to the probability-adjusted revenue and profit of FS Group (2015: NH Group), i.e. an increase in probability-adjusted revenue and profit in isolation would result in an increase in the fair value measurement, and vice versa.

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

	2016			2015
	Contingent consideration assets for business combination	Prepayment option embedded in promissory note issued	Consideration payable for business combination	Consideration payable for business combination
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	–	–	(28,247)	(26,902)
Additions	19,364	944	(105,744)	–
Settlement by disposal of subsidiaries *(note 31)*	–	–	30,000	–
Total loss in profit or loss	(1,393)	(107)	(2,632)	(1,345)
At 31 December	17,971	837	(106,623)	(28,247)

(ii) *Financial assets/liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 2015.

29 BUSINESS COMBINATIONS

(a) Acquisition of NH Group

On 17 December 2014, the Group acquired the entire equity interest in Native Hope Limited from an independent third party (the "**NH Purchaser**") at a nominal consideration of HK$90,000,000 (the "**NH Acquisition**"). Details of the NH Acquisition were set out in note 28(c) of the audited consolidated financial statements included in the Company's annual report for the year ended 31 December 2015.

Pursuant to the sale and purchase agreement dated 11 December 2014 in respect of the NH Acquisition, the partial consideration of HK$60,000,000 had been settled in cash as at 31 December 2014.

The remaining consideration payable of HK$30,000,000 is subject to adjustment based on the NH Group's audited consolidated profit after taxation but before extraordinary or exceptional items attributable to the owners of the Company (the "**NH Profit**") of not less than HK$10,000,000, HK$13,000,000 and HK$15,000,000 for the year ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively (the "**NH Guaranteed Amount**"). The consideration payable shall be reduced by an amount equal to any shortfall.

The NH Profit for the year ended 31 December 2015 exceeds HK$10,000,000. As at 31 December 2015, based on the assessment of the director of the Company, the possibility of shortfall of the NH Profit against the NH Guaranteed Amount for each of the year ending 31 December 2016 and 2017 is remote, and consequently the fair value of contingent consideration asset is HK$Nil.

As mentioned in note 9 and note 31(b), the Company has disposed of the entire equity interest in NH Group on 30 June 2016 to the NH Vendor at a nominal consideration of HK$90,000,000. Of which, HK$30,000,000 was paid by the NH Vendor by setting off the remaining consideration payable of HK$30,000,000 due to the NH Vendor under the NH Acquisition. Accordingly, the fair value of consideration payable of HK$28,945,000 as at 30 June 2016 has been derecognised and further assessment of the possibility of shortfall of the NH Profit against the NH Guaranteed Amount for each of the year ending 31 December 2016 and 2017 is no longer necessary.

(b) Acquisition of FS Group

On 25 October 2016, the Group, through Hyper Venture Limited, a wholly-owned subsidiary (the "**FS Purchaser**"), acquired 60% equity interest in FS Group from independent third parties (the "**FS Vendors**") at a nominal consideration of HK$150,000,000 (the "**FS Consideration**").

Pursuant to the agreement for sale and purchase dated 8 August 2016 entered into between the FS Purchaser, the FS Vendors and the Company (as the "**FS Guarantor**") in relation to the FS Acquisition (the "**FS Acquisition Agreement**"), the FS Consideration shall be paid by the FS Purchaser to the FS Vendors (or its nominee(s)) as to: (i) HK$40,000,000 in cash as refundable deposit to be paid within one-month after the date of the FS Acquisition Agreement; (ii) HK$110,000,000 by the issuance of a promissory note at 5% per annum (the "**Promissory Note**"). The principal and accrued interest thereon are wholly repayable on the date immediate following 2 years after the date of issue of the Promissory Note to the FS Vendors (or their nominees) upon the completion of the FS Acquisition (i.e. 25 October 2016) (the "**Completion**"). Pursuant to the FS Acquisition Agreement, the principal may be prepaid in full or in part by the FS Purchaser at any time together with interest accrued thereon without penalty by giving no less than 7 business days prior notice in writing to the holders of the Promissory Note (the "**Prepayment Option**").

Pursuant to the FS Acquisition Agreement, the FS Vendors guarantee to the FS Purchaser that the audited consolidated net profit after taxation of FS Group for the twelve full months immediately following the Completion ("**2017 FS Profit**") shall not be less than HK$14,200,000 (the "**FS Profit Guarantee**"). The FS Purchaser shall have the rights to sell the 60% equity interest in First Surplus (the "**Sale Shares**") to the FS Vendors at the price equivalent to the FS Consideration, whereupon the FS Vendors shall have the obligation to purchase the Sale Shares at such price in the event that FS Group fails to meet the FS Profit Guarantee (the "**Put Option**") within a period of 6 months after the date of approval of the audited consolidated financial statements of FS Group (the "**Exercisable Period**").

The FS Consideration comprises: (a) cash; (b) the Promissory Note with an embedded Prepayment Option; and (c) the Put Option. The fair value of the FS Consideration at the Completion is as follows:

	Contractual amount	**Fair value**
	HK$'000	*HK$'000*
Consideration settled by cash on 7 September 2016	40,000	40,000
Consideration payable by Promissory Note issued on 25 October 2016 *(note (i))*	110,000	105,744
Prepayment Option embedded in the Promissory Note issued *(note (i))*	–	(944)
Contingent consideration assets – Put Option *(note (ii))*	–	(19,364)
	150,000	125,436

Note:

(i) The fair value of the consideration payable by Promissory Note is measured as the fair value of the Promissory Note as if the Promissory Note was issued without the Prepayment Option.

The fair value of the Promissory Note as if the Promissory Note was issued without the Prepayment Option is measured by discounting the total contractual undiscounted cash outflows of HK$121,000,000, being the aggregate of the principal of HK$110,000,000 and the accrued interest thereon of HK$11,000,000, at the discount rate of 6.97% as determined by the directors of the Company with reference to valuation carried out by an independent valuer (the "**Valuer**"), as if it is to be paid on 25 October 2018, being 2 years after the date of issue of the Promissory Note. The discount rate of 6.97% comprises the risk-free rate of 0.46%, a credit spread of 4.56% and a liquidity spread of 1.95%.

The fair value of the Prepayment Option as at 25 October 2016 is determined by the directors of the Company with reference to valuation carried out by the Valuer and is measured based on Binomial Lattice model. The Prepayment Option embedded in the Promissory Note issued and the consideration payable by Promissory Note form part of the Consideration, and are required to be measured at fair value in accordance with HKFRS 3 (see accounting policy set out in note 2(d)).

(ii) The fair value of the Put Option is determined by the directors of the Company with reference to valuation carried out by the Valuer, and is calculated by multiplying the value of the Put Option of approximately HK$48,410,000 and the probability of the Put Option being exercised of 40%.

Value of the Put Option

The value of the Put Option as at 25 October 2016 of HK$48,410,000 is measured based on Binomial Lattice model, with the principal assumptions as follows:

Market price	HK$144,800,000 *(note (i))*
Exercise price	HK$150,000,000 *(note (ii))*
Expected volatility	67% *(note (iii))*
Option life	23 months from 25 October 2016 to 25 September 2018
Vesting period	6 months from 25 March 2018 to 25 September 2018 *(note (iv))*
Expected dividend	Nil
Risk-free interest rate	0.46% *(note (v))*

Note:

(i) The market price represents 60% of the estimated fair value of FS Group as at 25 October 2016, being HK$241,333,000.

(ii) The exercise price represents the price that the FS Purchaser could sell the 60% equity interest in First Surplus to the FS Vendors in the event that FS Group fails to meet the FS Profit Guarantee.

(iii) The expected volatility of the market price of FS Group is determined by reference to the average volatility in stock prices, as obtained from Bloomberg, of several comparable companies.

(iv) The audited consolidated financial statements of FS Group are assumed to be available in 5 months after the end of the period of the FS Profit Guarantee (i.e. 24 October 2017). As such, the Exercisable Period will be from 25 March 2018 to 25 September 2018.

(v) The risk-free rate is calculated by averaging of the 1-year and 2-years Hong Kong Sovereign Bond yield as at 25 October 2016, as obtained from Bloomberg.

Probability of the Put Option being exercised

The forecasted net profit after taxation of FS Group in the cash flow forecast prepared by the directors of the Company is assumed to be the 2017 FS Profit, which exceeds the FS Profit Guarantee. The directors of the Company determine that the probability that FS Group would fail to meet the FS Profit Guarantee is 40%. Should FS Group fail to meet the FS Profit Guarantee, it is further assumed that the FS Purchaser must exercise the Put Option during the Exercisable Period of the Put Option. The Put Option is an asset resulting from a contingent consideration arrangement. Such contingent consideration asset forms part of the Consideration, and are required to be measured at fair value in accordance with HKFRS 3 (see accounting policy set out in note 2(d)).

The fair value of the identifiable assets and liabilities acquired and goodwill arose as at the date of the acquisition are as follows:

	HK$'000
Deferred tax assets	4,454
Property, plant and equipment	147
Intangible assets	66,768
Trade and other receivables	724
Cash and cash equivalents	764
Deferred income	(265)
Deferred tax liabilities	(11,030)
Other payables and accruals	(2,543)
Net identifiable assets acquired	59,019
Non-controlling interests[#]	(23,016)
Net identifiable assets attributable to owners of the Company	36,003
Goodwill arising on business combination	89,433
Total consideration	125,436
Net cash outflow arising on acquisition:	
Consideration paid in cash	40,000
Cash and cash equivalents acquired	(764)
	39,236

[#] The non-controlling interests are measured at the non-controlling interests' proportionate share of fair value of the identifiable net assets of the acquired subsidiaries.

(c) The goodwill is attributable to the synergies of the acquired businesses expected to arise after the Group's acquisitions. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

(d) Acquisition-related costs of HK$2,307,000 have been excluded from the consideration transferred and have been recognised as "Administrative expenses" in the consolidated statement of profit or loss.

(e) Included in the revenue for the year ended 31 December 2016 are approximately HK$111,000, attributable to the additional business generated by FS Group. Loss for the year ended 31 December 2016 includes loss of HK$1,944,000 contributed by FS Group.

Had these business combinations been taken place on 1 January 2016, the directors of the Company estimate that the consolidated revenue and the consolidated loss from continuing operation for the year ended 31 December 2016 would have been HK$34,909,000 and HK$44,664,000 respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and result of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2016.

30 ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 27 May 2016, the Group acquired the entire equity interest in Viva Star International Limited ("**Viva Star**"). The acquisition was completed on 27 May 2016.

Viva Star is principally engaged in property investment and its major asset is an office property in Hong Kong classified as an investment property at entity level which was leased out to another subsidiary of the Group.

In the opinion of the director, the acquisition is in substance an acquisition of the leasehold property, instead of an acquisition of business and therefore is excluded from the scope of HKFRS 3 "Business Combinations". Therefore, the acquisition was not disclosed as a business combination in accordance with the requirements of HKFRS 3.

The assets acquired and liabilities assumed through this transaction are as follows:

	HK$'000
Leasehold property	49,484
Interest-bearing borrowings	(22,000)
Amount due to a shareholder	(22,152)
Other payables	(812)
	4,520
Assignment of amount due to a shareholder	22,152
Total consideration satisfied by cash	26,672
Net cash outflow arising from acquisition:	
Cash consideration paid	26,672

31 DISPOSAL OF SUBSIDIARIES

(a) Disposal of Sky Castle Investment Holdings Limited and its subsidiary

On 1 February 2016, the Group disposed of the entire equity interest in Sky Castle Investment Holdings Limited and its subsidiary, Sky Castle Holdings (HK) Limited (together, "**SC Group**") for a cash consideration of HK$310,000.

(b) Disposal of NH Group

On 30 June 2016, the Company disposed of the entire equity interest in NH Group to the NH Vendor for a nominal consideration of HK$90,000,000. NH Group is principally engaged in the custom-made software development services including urban grid management system, internet marketing of online P2P lending system and other projects and its business is classified as "software platform" segment.

(c) Disposal of KanHan Educational Services Limited

On 19 December 2016, the Group disposed of the entire equity interest in KanHan Educational Services Limited ("**KHE**") to a company which is wholly-owned by Mo Wai Ming, Lawrence, a former director of the Company, for a cash consideration of HK$5,000,000. KHE is principally engaged in the provision of website development, education and communications software platform which focuses on the development of syllabus and contents for Chinese Language and learning in primary and secondary schools and enterprises. Its business is classified as "software platform" segment.

(d) The assets and liabilities disposed at completion date comprise:

	SC Group	**NH Group**	**KHE**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	310	26	85	421
Properties under development	–	2,652	–	2,652
Intangible assets	–	8,698	–	8,698
Goodwill	–	67,972	–	67,972
Trade and other receivables	–	3,727	4,256	7,983
Cash and cash equivalents	–	9,574	1,010	10,584
Current tax recoverable	–	–	106	106
Other payables	–	(778)	(25)	(803)
Deferred income	–	–	(832)	(832)
Current tax payable	–	(1,143)	–	(1,143)
Deferred tax liabilities	–	(2,169)	(145)	(2,314)
Net assets	310	88,559	4,455	93,324
Non-controlling interests	–	(3,108)	–	(3,108)
Net assets disposed of	310	85,451	4,455	90,216

(e) (Loss)/gain on disposal of subsidiaries

	SC Group	NH Group	KHE	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consideration				
– Consideration settled in cash and cash equivalents	310	58,745	5,000	64,055
– Assignment of amount from the Group to NH Group	–	1,255	–	1,255
– Set-off of remaining consideration payable under the NH Acquisition	–	30,000	–	30,000
– Disposal-related costs	–	(1,006)	–	(1,006)
	310	88,994	5,000	94,304
Net assets disposed of	(310)	(85,451)	(4,455)	(90,216)
Cumulative exchange loss reclassified from equity to profit or loss upon disposal of subsidiaries	–	(7,410)	–	(7,410)
(Loss)/gain on disposal	–	(3,867)	545	(3,322)

The loss on disposal from NH Group is included in the (loss)/profit for the year from discontinued operation (see note 9).

(f) Net cash flow on disposal of subsidiaries

	SC Group	NH Group	KHE	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consideration settled in cash and cash equivalents	310	58,745	5,000	64,055
Disposal-related costs	–	(1,006)	–	(1,006)
Cash and cash equivalents disposed of	–	(9,574)	(1,010)	(10,584)
Net cash inflow	310	48,165	3,990	52,465

32 COMMITMENTS

(a) Capital commitments outstanding as at 31 December 2016 not provided for in the consolidated financial statements were as follows:

	2016	2015
	HK$'000	*HK$'000*
Contracted for properties under development	–	396

(b) As at 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 1 year	4,627	3,639
After 1 year but within 5 years	3,124	5,698
	7,751	9,337

The Group is the lessee in respect of its office premises held under operating leases. The leases run for an initial period of 6 months to 3 years (2015: 3 years), with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

33 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Short-term employee benefits	4,382	5,258
Post-employment benefits	93	99
	4,475	5,357

(b) Except as disclosed elsewhere in the notes to these consolidated financial statements, the Group has not entered into any material related party transactions during the years ended 31 December 2016 and 2015.

(c) Balances with related parties are disclosed in the Company's statement of financial position in note 36(a).

34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Save as disclosed below, the Group does not have other significant events after the reporting period.

On 10 January 2017, the Company issued 181,440,000 ordinary shares of HK$0.04 each pursuant to a placing under general mandate at a price of HK$0.16 per ordinary share, resulting in estimated net proceeds of HK$28,270,000.

35 SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Country of incorporation and operation	Particulars of issued and paid up capital	Proportion of effective ownership interest 2016		Proportion of effective ownership interest 2015		Principal activity
			Direct	Indirect	Direct	Indirect	
Aurum Pacific Management Limited	Hong Kong	1 share (HK$1)	100%	–	100%	–	Investment holding and provision of administrative services
KanHan Technologies Limited	Hong Kong	363,636 shares (HK$7,200,000)	–	100%	–	100%	Investment holding and provision of software platform
KanHan Technologies China Limited *(notes 1 and 2)*	PRC	HK$1,000,000	–	100%	–	100%	Provision of software platform
KHE *(note 6)*	Hong Kong	5,010,000 shares (HK$5,010,000)	–	–	–	100%	Investment holding and provision of software platform
KanHan Educational Services China Limited *(notes 1, 2 and 7)*	PRC	RMB1,000,000	–	–	–	100%	Provision of software platform
Aurum Pacific Finance Limited	Hong Kong	1 share (HK$1)	–	100%	–	100%	Provision of money lending business
First Surplus *(note 3)*	BVI	50,000 shares of US1 each	–	60%	–	–	Investment holding
Mooff Games Limited *(notes 3 and 4)*	Hong Kong	10,000 shares (HK$10,000)	–	44%	–	–	Development and provision of mobile data solutions and related services
Side Quest Limited *(note 3)*	Hong Kong	3,020,000 shares (HK$4,510,001)	–	51%	–	–	Development and provision of mobile data solutions and related services
Smart City Technology Limited *(note 3)*	Hong Kong	12,000 shares (HK$1,010,000)	–	60%	–	–	Development of mobile games
Top Banana Limited *(note 3)*	Hong Kong	1 share (HK$1)	–	60%	–	–	Development of mobile games and related services
Viva Star *(note 5)*	BVI	50,000 shares of US1 each	–	100%	–	–	Property investment

Name of company	Country of incorporation and operation	Particulars of issued and paid up capital	Proportion of effective ownership interest 2016		Proportion of effective ownership interest 2015		Principal activity
			Direct	Indirect	Direct	Indirect	
Native Hope Limited *(note 6)*	BVI	50,000 shares of US1 each	–	–	100%	–	Investment holding and provision of software platform
Fair Respect International Limited *(note 6)*	Hong Kong	10,000 shares (HK$10,000)	–	–	–	100%	Investment holding and provision of software platform
Shenzhen Xiaoke Internet Technology Company Limited *(notes 1, 2 and 6)*	PRC	HK$1,000,000	–	–	–	100%	Investment holding and provision of software platform
Shenzhen Zhoufu Internet Technology Company Limited ("**Shenzhen Zhoufu**") *(notes 1, 2 and 6)*	PRC	HK$1,000,000	–	–	–	51%	Provision of software platform
Maoming Yuexi Zhoufu Internet Technology Company Limited *(notes 1, 2 and 6)*	PRC	RMBNil	–	–	–	100%	Provision of software platform
Jiaxing Jiajian Intelligent Technology Company Limited *(notes 1, 2 and 6)*	PRC	US$1,442,000	–	–	–	100%	Property development

Notes:

1. Registered as wholly-owned foreign enterprise under PRC law.

2. The English translation of the name is for reference only. The official name of the entity is in Chinese.

3. Acquired during the year ended 31 December 2016 through FS Group Acquisition.

4. Mooff Games Limited is a subsidiary of a non-wholly owned subsidiary of the Group and, accordingly, is accounted for as a subsidiary by virtue of the Group's control over it.

5. Acquired during the year ended 31 December 2016.

6. Disposed during the year ended 31 December 2016.

7. Deregistered during the year ended 31 December 2016.

The following table lists out the information relating to subsidiaries of the Group which has material non-controlling interest ("**NCI**"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2016 *(Note)*		**2015**
	FS Group	**Shenzhen Zhoufu**	**Shenzhen Zhoufu**
	HK$'000	*HK$'000*	*HK$'000*
NCI percentage	40%	49%	49%
Non-current assets	71,720	–	32
Current assets	1,316	–	3,028
Current liabilities	(4,930)	–	(655)
Non-current liabilities	(11,032)	–	–
Net assets	57,074	–	2,405
Carrying amount of NCI	22,185	–	4,618
Revenue	111	365	4,803
Loss for the year/period	(1,944)	(2,578)	(2,220)
Total comprehensive loss	(1,944)	(2,642)	(2,493)
Loss allocated to NCI	(831)	(1,478)	(5,834)
Dividends paid to NCI	–	–	–
Cash flows generated from/(used in) operating activities, net	116	(859)	(3,582)
Cash flows (used in)/generated from investing activities, net	(34)	–	1,224
Cash flows from financing activities, net	–	–	–

Note: The results and cash flows information for the year ended 31 December 2016 presented above represent the post-acquisition results of FS Group and cash flows from 25 October 2016 (date of acquisition) to 31 December 2016.

The results and cash flows information for the year ended 31 December 2016 presented above represent the results of Shenzhen Zhoufu and cash flows from 1 January 2016 to 30 June 2016 (date of disposal in NH Group).

36 FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position

	2016	2015
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	16	86,855
Current assets		
Amounts due from subsidiaries	265,609	122,599
Deposits and prepayments	201	1,236
Cash and cash equivalents	2,395	14,524
	268,205	138,359
Current liabilities		
Amounts due to subsidiaries	4,681	164
Other payables and accrued charges	520	546
Consideration payable for business combination	–	9,879
	5,201	10,589
Net current assets	263,004	127,770
Total assets less current liabilities	263,020	214,625
Non-current liabilities		
Consideration payable for business combination	–	18,368
NET ASSETS	263,020	196,257
Capital and reserves		
Share capital	36,288	20,160
Reserves	226,732	176,097
TOTAL EQUITY	263,020	196,257

(b) Details of changes in the Company's individual components of reserve during the year:

	Share capital HK$'000	Share premium HK$'000 *(note 27(b)(i))*	Capital reserve HK$'000 *(note 27(b)(ii))*	Capital surplus HK$'000 *(note 27(b)(iii))*	Accumulated losses HK$'000	Total HK$'000
At 1 January 2015	12,000	142,285	2,261	1,609	(52,722)	105,433
Loss and total comprehensive expense for the year	–	–	–	–	(49,691)	(49,691)
Issue of shares *(note 27(a)(iii))*	8,160	132,355	–	–	–	140,515
	8,160	132,355	–	–	(49,691)	90,824
At 31 December 2015	20,160	274,640	2,261	1,609	(102,413)	196,257
At 1 January 2016	20,160	274,640	2,261	1,609	(102,413)	196,257
Loss and total comprehensive expense for the year	–	–	–	–	(10,226)	(10,226)
Issue of shares *(note 27(a)(iii))*	16,128	60,861	–	–	–	76,989
	16,128	60,861	–	–	(10,226)	66,763
At 31 December 2016	36,288	335,501	2,261	1,609	(112,639)	263,020

(c) Contingent liabilities

As at 31 December 2016, the Company has issued a corporate guarantee in respect of a loan made by a finance company to a subsidiary (2015: HK$Nil) (see note 23).

Upon the completion of acquisition of FS Group, the Company has issued a corporate guarantee in respect of the Promissory Note issued by the FS Purchaser, which is a subsidiary of the Company (2015: HK$Nil) (see note 29(b)).

The fair value of these guarantees has not been provided for in these consolidated financial statements as the directors of the Company consider the amount involved to be insignificant.

37 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) Impairment loss on intangible assets

The carrying amounts of intangible assets that are not yet available for use are reviewed annually in order to assess whether the recoverable amounts have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, the expected cash flows generated by the intangible assets are discounted to their present value, which requires significant judgement relating to the level of future software revenue and the amount of service costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of software revenue and the amount of service costs, and discount rate.

(b) Impairment loss on goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the impairment loss calculation are set out in note 16.

(c) Deferred tax assets

Deferred tax assets are recognised for unused tax losses. As these deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax benefits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly received and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered; conversely, the carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Details of the nature and carrying amounts of deferred tax assets are disclosed in note 24(b).

(d) Impairment loss on loans receivable, interest receivables and trade and other receivables

Impairment loss on loans receivable, interest receivables and trade and other receivables is assessed and provided based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual borrower/customer. Any increase or decrease in the impairment losses for bad and doubtful debt would affect the consolidated statements of comprehensive income in future years.

(e) Fair value of Level 3 financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including discounted cash flow model and binomial lattice model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as discount rate, risk-free interest rate, volatility and probability. Changes in assumptions about these factors could affect the reported fair value of financial instruments (including contingent consideration assets for business combination, prepayment option embedded in promissory note issued and consideration payable for business combination).

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

Amendments to HKAS 7	Statement of cash flows: Disclosure initiative[1]
Amendments to HKAS 12	Income taxes: Recognition of deferred tax assets for unrealised losses[1]
HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 2	Share-based payment: Classification and measurement of share-based payment transactions[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("**FVTPL**") and (3) fair value through other comprehensive income ("**FVTOCI**") as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated as FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). A more detailed analysis is required to determine the extent of the impact.

(b) *Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables, loans receivable, interest receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be effected:

(a) *Timing of revenue recognition*

The Group's revenue recognition policies are disclosed in note 2(x). Currently, revenue arising from the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identified 3 situations in which control of the promised good or service is regarded as being transferred over time;

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

(c) Sales with a right of return

Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes and adjustment against revenue and cost of sales.

The Group expects that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

HKFRS 16, Leases

As disclosed in note 2(j), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their right and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As disclosed in note 32(b), at 31 December 2016 the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$9,892,000 for properties, the majority of which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

39 COMPARATIVE FIGURES

As a result of the share consolidation and open offer which were completed on 22 February 2016 and 17 May 2016 respectively (see notes 27(a)(iv) and 27(a)(vi)), the loss per share for the year ended 31 December 2015 has been restated.

Certain comparative figures, including figures in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income have been re-presented as a result of the operations discontinued during the year.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

The following is the full text of the unaudited condensed consolidated financial information of the Group for the nine months ended 30 September 2017 extracted from the third quarterly report of the Company for the nine months ended 30 September 2017:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2017
(Expressed in Hong Kong dollars)

		Three months ended 30 September		Nine months ended 30 September	
		2017	2016	2017	2016
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Re-presented)
Continuing operations					
Revenue	2	24,878	8,674	59,532	24,399
Cost of sales		(3,932)	(1,830)	(8,443)	(5,322)
Gross profit		20,946	6,844	51,089	19,077
Other revenue	3	128	2	153	33
Changes in fair value of:					
– prepayment option embedded in promissory note issued		(95)	–	(576)	(1,753)
– consideration payable for business combination		(1,528)	–	(5,562)	–
– contingent consideration assets for business combination		(2,364)	–	(5,743)	–
Administrative expenses		(10,119)	(15,213)	(41,377)	(31,448)
Research and development expenses		(3,009)	(1,859)	(9,792)	(5,252)
Selling and distribution expenses		(1,662)	(728)	(4,648)	(2,208)
Profit/(loss) from operations		2,297	(10,954)	(16,456)	(21,551)
Finance costs	4	(612)	–	(1,803)	(219)
Share of profit of associates		315	–	631	–
Profit/(loss) before taxation	5	2,000	(10,954)	(17,628)	(21,770)
Income tax (expenses)/credit	6	(2,446)	101	(2,002)	71
Loss for the period from continuing operations		(446)	(10,853)	(19,630)	(21,699)
Discontinued operation					
Loss for the period from discontinued operation	8	–	–	–	(8,237)
Loss for the period		(446)	(10,853)	(19,630)	(29,936)

	Notes	Three months ended 30 September 2017 HK$'000 (Unaudited)	Three months ended 30 September 2016 HK$'000 (Unaudited)	Nine months ended 30 September 2017 HK$'000 (Unaudited)	Nine months ended 30 September 2016 HK$'000 (Unaudited) (Re-presented)
Attributable to:					
– owners of the Company		(4,908)	(10,853)	(23,716)	(28,458)
– non-controlling interests		4,462	–	4,086	(1,478)
		(446)	(10,853)	(19,630)	(29,936)
		HK cents (Unaudited)	*HK cents* (Unaudited)	*HK cents* (Unaudited)	*HK cents* (Unaudited) (Restated)
Loss per share					
From continuing and discontinued operations					
– Basic and diluted	9	(0.45)	(1.27)	(2.19)	(4.27)
From continuing operations					
– Basic and diluted	9	(0.45)	(1.27)	(2.19)	(3.26)
From discontinued operation					
– Basic and diluted	9	–	–	–	(1.01)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017
(Expressed in Hong Kong dollars)

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(446)	(10,853)	(19,630)	(29,936)
Other comprehensive (expenses)/income for the period, net of nil tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences:				
– On translation of financial statements of foreign operations	147	(6)	886	(938)
– Release upon disposal of discontinued operation	–	–	–	7,410
– Release upon deregistration of a subsidiary	–	–	–	4
Total comprehensive expenses for the period	(299)	(10,859)	(18,744)	(23,460)
Attributable to:				
– owners of the Company	(4,761)	(10,859)	(22,830)	(21,950)
– non-controlling interests	4,462	–	4,086	(1,510)
	(299)	(10,859)	(18,744)	(23,460)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017 and 30 September 2016
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Capital surplus *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2016 (Audited)	20,160	274,640	2,427	16,699	(6,450)	(76,527)	230,949	4,618	235,567
Loss for the period	–	–	–	–	–	(28,458)	(28,458)	(1,478)	(29,936)
Exchange differences:									
On translation of financial statements of foreign operations, net of nil tax	–	–	–	–	(906)	–	(906)	(32)	(938)
Release upon disposal of discontinued operation	–	–	–	–	7,410	–	7,410	–	7,410
Release upon deregistration of a subsidiary	–	–	–	–	4	–	4	–	4
Total comprehensive income/(expenses) for the period	–	–	–	–	6,508	(28,458)	(21,950)	(1,510)	(23,460)
Issue of shares *(note 10(vi))*	16,128	60,831	–	–	–	–	76,959	–	76,959
Derecognition of non-controlling interests upon discontinued operation *(note 8)*	–	–	–	–	–	–	–	(3,108)	(3,108)
	16,128	60,831	–	–	6,508	(28,458)	55,009	(4,618)	50,391
At 30 September 2016 (Unaudited)	36,288	335,471	2,427	16,699	58	(104,985)	285,958	–	285,958
At 1 January 2017 (Audited)	36,288	335,501	2,427	16,699	(143)	(114,513)	276,259	22,185	298,444
(Loss)/profit for the period	–	–	–	–	–	(23,716)	(23,716)	4,086	(19,630)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	–	–	–	–	886	–	886	–	886
Total comprehensive income/(expenses) for the period	–	–	–	–	886	(23,716)	(22,830)	4,086	(18,744)
Issue of shares *(note 10(v))*	7,258	21,042	–	–	–	–	28,300	–	28,300
	7,258	21,042	–	–	886	(23,716)	5,470	4,086	9,556
At 30 September 2017 (Unaudited)	43,546	356,543	2,427	16,699	743	(138,229)	281,729	26,271	308,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except that contingent consideration assets or liabilities arising from a business combination and derivative financial instruments are stated at its 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 2016 except in relation to the new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

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

2. REVENUE

Revenue represents the sales value of goods and services supplied to customers from the provision of software platform, interest income earned from the money lending business and income generated form mobile games development as follows:

	Three months ended 30 September		**Nine months ended 30 September**	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Provision of software platform	4,366	4,533	14,466	14,463
Interest income from money lending	3,469	4,141	11,232	9,936
Mobile gaming income	17,043	–	33,834	–
	24,878	8,674	59,532	24,399

3. OTHER REVENUE

	Three months ended 30 September		**Nine months ended 30 September**	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Re-presented)
Continuing operations				
Sundry income	128	2	153	33

4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Interest expense on financial liabilities not at fair value through profit or loss				
– Interest on mortgage loan	560	–	1,680	219
– Interest on obligations under finance lease	52	–	123	–
	612	–	1,803	219

5. PROFIT/(LOSS) BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Staff costs (including directors' remuneration)				
– Salaries, wages and other benefits	7,460	5,777	23,523	16,992
– Contributions to defined contribution retirement plan	274	251	835	721
	7,734	6,028	24,358	17,713
Auditor's remuneration	39	182	415	710
Amortisation of intangible assets	3,723	541	11,148	1,622
Depreciation of property, plant and equipment	1,788	1,509	5,254	2,014
Operating lease charges: minimum lease payments				
– property rentals	1,367	866	4,238	3,163
Impairment loss on goodwill	–	1,431	–	1,431
Write-off of intangible assets	–	1,097	–	1,097
Loss on disposal of property, plant and equipment	–	–	–	2,161

6. INCOME TAX RELATING TO CONTINUING OPERATIONS

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

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
– Hong Kong Profits Tax Provision for the period	–	21	125	130
Deferred tax expenses/(credit)	2,446	(122)	1,877	(201)
Total income tax expenses/(credit)	2,446	(101)	2,002	(71)

The provision for Hong Kong Profits Tax for the nine months ended 30 September 2017 is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the respective jurisdictions.

No provision for enterprise income tax of the PRC has been made as the subsidiaries incorporated in the PRC have estimated tax losses for the periods ended 30 September 2017 and 2016.

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2017 (2016: HK$Nil).

8. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 9 March 2016, the Company entered into a sale and purchase agreement in relation to a disposal of entire equity interest of Native Hope Limited and its subsidiaries (together, "**NH Group**"), which carried out custom-made software development business including urban grid management system, internet marketing and other projects. The disposal was completed on 30 June 2016 on which date control of the operations passed to the acquirer.

Financial information relating to the discontinued operation is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Re-presented)
Revenue	–	–	–	521
Cost of sales	–	–	–	(712)
Other revenue	–	–	–	8
Administrative expenses	–	–	–	(2,342)
Research and development expenses	–	–	–	(940)
Selling and distribution expenses	–	–	–	(533)
Loss before taxation	–	–	–	(3,998)
Income tax expenses	–	–	–	(372)
Loss for the period from discontinued operation	–	–	–	(4,370)
Loss on disposal	–	–	–	(3,867)
Loss for the period from discontinued operation	–	–	–	(8,237)

Loss for the period from discontinued operation include the following:

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Re-presented)
Staff costs (including directors' remuneration)				
– Salaries, wages and other benefits	–	–	–	2,662
– Contributions to defined contribution retirement plan	–	–	–	101
	–	–	–	2,763
Amortisation of intangible assets	–	–	–	585
Depreciation of property, plant and equipment	–	–	–	30
Operating lease charges: minimum lease payments – property rentals	–	–	–	124

The assets and liabilities disposed at completion date comprise:

	HK$'000
Property, plant and equipment	26
Properties under development	2,652
Intangible assets	8,698
Goodwill	67,972
Trade and other receivables	3,727
Cash and cash equivalents	9,574
Other payables	(778)
Current tax liabilities	(1,143)
Deferred tax liabilities	(2,169)
Net assets	88,559
Non-controlling interests	(3,108)
Net assets disposed of	85,451
Net consideration	88,994
	3,543
Cumulative exchange loss reclassified from equity to profit or loss upon disposal of subsidiaries	(7,410)
Loss on disposal	(3,867)
Consideration	
Cash consideration	58,745
Assignment of the amount due from the Group to NH Group	1,255
Set-off the remaining consideration payable	30,000
Disposal related costs	(1,006)
Net consideration	88,994
Net cash flow on disposal of subsidiaries	
Consideration settled in cash	58,745
Disposal related costs	(1,006)
Cash and cash equivalents of subsidiaries disposed	(9,574)
Net cash inflow generated from the disposal	48,165

9. LOSS PER SHARE

(a) Basic loss per share

(i) From continuing and discontinued operations

The calculation of loss per share for the nine months ended 30 September 2017 is based on the loss for the period attributable to owners of the Company of HK$23,716,000 (2016: HK$28,458,000), and the weighted average number of ordinary shares of 1,082,658,462 (2016: 666,705,812) in issue during the period.

The calculation of loss per share for the three months ended 30 September 2017 is based on the loss for the period attributable to owners of the Company of HK$4,908,000 (2016: HK$10,853,000), and the weighted average number of ordinary shares of 1,088,640,000 (2016: 857,113,365) in issue during the period.

(ii) From continuing operations

The calculation of loss per share for the nine months ended 30 September 2017 is based on the loss for the period attributable to owners of the Company of HK$23,716,000 (2016: restated: HK$21,699,000), and the weighted average number of ordinary shares of 1,082,658,462 (2016: 666,705,812) in issue during the period.

The calculation of loss per share for the three months ended 30 September 2017 is based on the loss for the period attributable to owners of the Company of HK$4,908,000 (2016: HK$10,853,000), and the weighted average number of ordinary shares of 1,088,640,000 (2016: 857,113,365) in issue during the period.

(iii) From discontinued operation

The calculation of loss per share for the nine months ended 30 September 2017 is based on the loss for the period attributable to owners of the Company of HK$nil (2016: restated: loss of HK$6,759,000), and the weighted average number of ordinary shares of 1,082,658,462 (2016: 666,705,812) in issue during the period.

The calculation of loss per share for the three months ended 30 September 2017 is based on the loss for the period attributable to owners of the Company of HK$nil (2016: loss of HK$nil), and the weighted average number of ordinary shares of 1,088,640,000 (2016: 857,113,365) in issue during the period.

(b) Diluted loss per share

The diluted loss per share for the periods ended 30 September 2017 and 2016 is the same as the basic loss per share as there were no potentially dilutive ordinary shares in issue.

10. SHARE CAPITAL

(i) Authorised and issued share capital

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
Ordinary shares		
At 1 January 2016 of HK$0.004 each	10,000,000	40,000
Share consolidation *(note (ii))*	(9,000,000)	–
Increase in authorised capital *(note (iii))*	2,000,000	80,000
At 30 September 2016 and 30 September 2017 of HK$0.04 each	3,000,000	120,000
Issued and fully paid:		
Ordinary shares		
At 1 January 2016 of HK$0.004 each	5,040,000	20,160
Share consolidation *(note (ii))*	(4,536,000)	–
Issue of shares *(note (iv))*	403,200	16,128
At 30 September 2016 of HK$0.04 each	907,200	36,288
At 1 January 2017 of HK$0.04 each	907,200	36,288
Issue of shares *(note (v))*	181,440	7,258
At 30 September 2017 of HK$0.04 each	1,088,640	43,546

(ii) Share consolidation

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, every 10 issued and unissued ordinary shares of HK$0.004 each were consolidated into 1 new ordinary share (the "**Consolidated Share**") of HK$0.04 each (the "**Share Consolidation**"). Following the Share Consolidation which has become effective on 22 February 2016, the authorised share capital of the Company are HK$40,000,000 divided into 1,000,000,000 Consolidated Shares of HK$0.04 each, of which 504,000,000 Consolidated Shares are in issue and fully paid. Details of the Share Consolidation are set out in the Company's announcements dated 8 January 2016 and 19 February 2016 and the Company's circular dated 29 January 2016.

(iii) Increase in authorised share capital

Upon the Share Consolidation becoming effective, the authorised share capital of the Company was increased from HK$40,000,000 divided into 1,000,000,000 ordinary shares to HK$120,000,000 divided into 3,000,000,000 ordinary shares by the creation of an additional 2,000,000,000 ordinary shares of the Company and such shares shall rank pari passu with all existing shares of the Company was approved by the shareholders of the Company in an extraordinary general meeting on 19 February 2016.

(iv) Issue of shares

On 29 March 2016, the Company and Gransing Securities Co., Limited entered into an underwriting agreement in relation to the issue of shares by way of open offer to the qualifying shareholders on the basis of one offer share for every two existing shares held on the record date (i.e. 21 April 2016) at the subscription price of HK$0.24 per offer share ("**Open Offer**"). Upon the completion of the Open Offer on 17 May 2016, the Open Offer raised approximately HK$60,480,000 before deduction of expenses by issuing 252,000,000 ordinary shares of HK$0.04 each. Details of the Open Offer are set out in the Company's announcements dated 29 March 2016, 14 April 2016 and 16 May 2016 and the Company's prospectus dated 22 April 2016.

Pursuant to the placing completed on 3 August 2016, the Company issued 151,200,000 ordinary shares of HK$0.04 each at a placing price of HK$0.129 per placing share, resulting in net proceeds of approximately HK$19,000,000. Details of the placing are set out in the Company's announcements dated 8 July 2016 and 3 August 2016.

(v) Issue of shares

Pursuant to the placing completed on 10 January 2017, the Company issued 181,440,000 ordinary shares of HK$0.04 each at a placing price of HK$0.16 per placing share, resulting in net proceeds of approximately HK$28,270,000. Details of the placing are set out in the Company's announcements dated 16 December 2016 and 10 January 2017.

11. COMPARATIVE FIGURES

Certain comparative figures for the corresponding period in 2016 have been reclassified to conform to the current period presentation. The changes included the reclassification of gain on disposal of subsidiaries and reclassification of cumulative exchange reserve from equity upon disposal of subsidiaries previously classified under continuing operations to the discontinued operation. The new classification of the accounting items was considered to provide a more appropriate presentation of the Group's results.

12. EVENTS AFTER THE REPORTING PERIOD

Legal Proceedings in the Netherlands

On 5 October 2017, the Company was informed by its Dutch legal advisers that a writ issued from the Dutch Court was served on Tri King International Limited ("**Tri-King**"), a wholly owned subsidiary of the Company, at its correspondence address in the Netherlands. Fore Freedom B.V. and XXLnet B.V. (collectively the "**Plaintiffs**") have made claims against Tri King for EUR2.8 million and EUR490,000 respectively allegedly being debt owed by Tri King to the Plaintiffs.

After the summary hearing, the Dutch Court has delivered a judgment which rejected all the claims of the Plaintiffs and ordered the Plaintiffs to pay the legal costs of Tri King amounted to EUR4,710 which payment is immediately enforceable.

As advised by the legal advisers to the Company as to the Netherlands laws, the parties may apply for an appeal in respect of the judgment within four weeks failing which the judgment shall be regarded as final. Alternatively the Plaintiffs may bring a new and separate legal proceedings on merits at the Dutch Court which will involve detail examination of evidence and arguments by both parties. As at the date hereof, the Company has not received any further document from the plaintiffs regarding the matter.

Details of the legal proceedings are set out in the announcements of the Company dated 6 October 2017 and 3 November 2017.

4. INDEBTEDNESS

As at the close of business on 31 October 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this Composite Document, the Group had the outstanding indebtedness as follows:

		As at 31 October 2017
		HK$'000
Interest-bearing borrowings, secured and guaranteed	*(Note a)*	28,000
Obligations under finance leases, secured and guaranteed	*(Note b)*	4,329
Consideration payable for business combination, unsecured and guaranteed	*(Note c)*	70,777
Total		103,106

Notes:

(a) The interest-bearing borrowings represent a loan of HK$28,000,000 granted by a finance company to a subsidiary. As at the close of business on 31 October 2017, the loan was secured by the Group's land and buildings with a carrying amount of approximately HK$43,986,000 and corporate guarantee from the Company. The loan carries an interest rate of the Best Lending Rate from Hongkong and Shanghai Banking Corporation Limited plus 3% per annum and is wholly repayable on or before 24 November 2018. The relevant loan agreement does not contain any repayment on demand clauses.

(b) Easy Winner Enterprises Limited and Create Winner Investments Limited, the subsidiaries of the Company, leased two motor vehicles under finance leases at 1.98%–3.50% per annum for a term of three to five years. The motor vehicles held under finance leases with the carrying amount of approximately HK$4,672,000 as at the close of business on 31 October 2017 are secured by the lessors' title to the leased assets. The Company has issued corporate guarantee in respect of the finance leases.

(c) Consideration payable for business combination represents the issuance of promissory notes at 5% per annum by Hyper Venture Limited, a subsidiary of the Company, to independent third parties in relation to the acquisition of 60% equity in First Surplus Investments Limited and its subsidiaries (the "**FS Acquisition**") completed on 25 October 2016. The principal and accrued interests thereon are wholly repayable on the date immediate following two years after the completion date of the FS Acquisition. The Company has issued corporate guarantee in respect of the promissory notes from the FS Acquisition.

Apart from as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have at the close of business on 31 October 2017, any material debt securities issued and outstanding or agreed to be issued, bank overdrafts, debentures or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees, or other material contingent liabilities.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 October 2017.

5. MATERIAL CHANGES

The Directors confirmed that, save and except as disclosed below, there was no material change in the financial and trading position or outlook of the Group since 31 December 2016 (being the date to which the latest published audited financial statements of the Group have been made up) and up to the Latest Practicable Date:

(i) as disclosed in the interim report of the Company for the six months ended 30 June 2017, the Group recorded a loss for the period of six months ended 30 June 2017 which was mainly due to the increase of administrative expenses including staff costs, property rentals and depreciation of property, plant and equipment;

(ii) as disclosed in the third quarterly report of the Company for the nine months ended 30 September 2017, the Group recorded an unaudited consolidated loss attributable to owners of the Company of approximately HK$23.7 million;

(iii) as disclosed in the announcements of the Company dated 16 December 2016 and 10 January 2017, the Company has issued 181,440,000 new Shares at HK$0.16 per Share under the placing (the "**Placing**"). The completion of the Placing took place on 10 January 2017 resulting in net proceeds of approximately HK$28,270,000. Therefore, the Group's share capital and reserves as at 30 June 2017 increased as compared to 31 December 2016;

(iv) as disclosed in the announcement of the Company dated 30 March 2017, the Group has completed the acquisition of the entire issued share capital of Stars Ventures Limited at the consideration of HK$32.4 million, which took place on 13 April 2017;

(v) as disclosed in the interim report of the Company for the six months ended 30 June 2017, the Group has completed the acquisition of the 5% of the issued share capital of Metro Rainbow Limited at the consideration of HK$0.5 million, which took place on 25 April 2017; and

(vi) as disclosed in the announcements of the Company dated 6 October 2017 and 3 November 2017, Fore Freedom B.V. and XXLnet B.V. (collectively the "**Plaintiffs**") have made claims against Tri King International Limited ("**Tri King**"), a wholly owned subsidiary of the Company, for EUR2.8 million and EUR490,000 respectively allegedly being debt owed by Tri King to the Plaintiffs. Although the Dutch Court has delivered a judgment which rejected all the claims of the Plaintiffs, as advised by the legal advisers to the Company as to the Netherlands laws, the parties may apply for an appeal in respect of the judgment within four weeks since 31 October 2017 (Netherlands local date) failing which the judgment shall be regarded as final or the Plaintiffs may bring a new and separate legal proceedings on merits at the Dutch Court which will involve detail examination of evidence and arguments by both parties. As at the Latest Practicable Date, the Company has not received any further document from the Plaintiffs regarding the matter.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with him) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised		*HK$*
3,000,000,000	Shares	120,000,000
Issued and fully paid		*HK$*
1,088,640,000	Shares	43,545,600

All the issued Shares rank pari passu with each other in all respects including all rights as to dividends, voting and return of capital. The Company had no debt securities in issue as at the Latest Practicable Date.

As disclosed in the announcements of the Company dated 16 December 2016 and 10 January 2017, the Company issued 181,440,000 new Shares at HK$0.16 per Share under the placing (the "**Placing**"). Save for the Placing, there had been no alteration to the issued capital of the Company since 31 December 2016, the date to which the latest audited accounts of the Group were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into the Shares.

3. DISCLOSURE OF INTERESTS

Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which 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.

4. DEALING IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

(a) As at the Latest Practicable Date, the Company did not have any shareholding in the shares, convertible securities, warrants, options and derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

(b) As at the Latest Practicable Date, none of the Directors had any interests in any Shares, convertible securities, warrants, options or other derivatives of the Company.

(c) None of the Directors had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period.

(d) None of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Offer Period and ending on the Latest Practicable Date.

(e) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and as such there is no dealing by such first-mentioned person in any Shares, convertible securities, warrants, options or derivatives of the Company during the Offer Period and ending on the Latest Practicable Date.

(f) No Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Offer Period and ending on the Latest Practicable Date.

(g) As at the Latest Practicable Date and during the Relevant Period, no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had been borrowed or lent by any of the Directors or by the Company.

5. LITIGATION

As disclosed in the announcements of the Company dated 6 October 2017 and 3 November 2017, the Company was informed by its Dutch legal advisers that a writ ("**Writ**") issued from the Dutch Court was served on Tri King International Limited ("**Tri King**"), a wholly owned subsidiary of the Company, at its correspondence address in the Netherlands. According to the Writ, Fore Freedom B.V. and XXLnet B.V. (collectively the "**Plaintiffs**") claims against Tri King for EUR2.8 million and EUR490,000 respectively allegedly being debt owed by Tri King to the Plaintiffs. A summary hearing of the action in the Dutch Court was held on 13 October 2017. After the summary hearing the Dutch Court delivered a judgment which rejected all the claims of the Plaintiffs and ordered the Plaintiffs to pay the legal costs of Tri King amounted to EUR4,710 which payment is immediately enforceable. As advised by the legal advisers to the Company as to the Netherlands laws, the parties may apply for an appeal in respect of the judgment within four weeks since 31 October 2017 (Netherlands local date) failing which the judgment shall be regarded as final. Alternatively the Plaintiffs may bring a new and separate legal proceedings on merits at the Dutch Court which will involve detail examination of evidence and arguments by both parties. As at the Latest Practicable Date the Company has not received any further document from the Plaintiffs regarding the matter. For details, please refer to the announcements of the Company dated 6 October 2017 and 3 November 2017.

As disclosed in the Company's announcements dated 21 October 2016, 25 October 2016 and 23 October 2017, Aurum Pacific Finance Limited, a wholly owned subsidiary of the Company, has advanced a loan of HK$35 million ("**Loan**") to Honghu Capital Co. Ltd ("**Borrower**") which together with interest thereon shall be repaid on 20 October 2017. As at the close of business on 20 October 2017, the final interest component payment of HK$1,750,000 was paid. However, no repayment of the Loan has yet been made. An acceptable repayment plan from the Borrower is still under negotiation process as at the Latest Practicable Date. For details, please refer to the announcements of the Company dated 21 October 2016, 25 October 2016 and 23 October 2017.

Save as disclosed above, as at the Latest Practicable Date, none of the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

During the period commencing on the date which is two years immediately preceding 31 October 2017, being the date of commencement of the Offer Period, up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group and are or may be material:

(i) on 9 March 2016, First Surplus Investments Ltd and Funland Overseas Limited entered into a contract note in relation to the acquisition of the 70% equity interest in Smart City Technology Limited at the consideration of HK$2,200,000 and was disclosed as a material contract in the circular of the Company dated 24 September 2016;

(ii) on 9 March 2016, the Company, as vendor, and Mix Billion Holdings Limited entered into the sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell and Mix Billion Holdings Limited has conditionally agreed to acquire the entire issued share capital of Native Hope Limited and all outstanding amount owed by Native Hope Limited to the remaining Group at the total consideration of HK$93,750,000 as disclosed in the announcement of the Company dated 9 March 2016;

(iii) on 16 March 2016, First Surplus Investments Ltd and Next Step Ventures Limited entered into a contract note in relation to the acquisition of the 30% equity interest in Smart City Technology Limited at the consideration of HK$3,000 and was disclosed as a material contract in the circular of the Company dated 24 September 2016;

(iv) on 29 March 2016, the Company and Gransing Securities Co., Limited entered into an underwriting agreement in relation to the proposed issue by way of open offer to the qualifying Shareholders on the basis of one offer Share for every two existing Shares held on the record date at the subscription price of HK$0.24 per offer share as disclosed in the announcement of the Company dated 29 March 2016;

(v) on 11 May 2016, Lead Billion Enterprises Limited and Mr. Chiu Ngai Hung entered into the sale and purchase agreement pursuant to which Lead Billion Enterprises Limited has agreed to acquire the entire issued share capital of Viva Star International Limited and all amounts owing by Viva Star International Limited to Mr. Chiu Ngai Hung at the total consideration of approximately HK$26,967,230 (calculated based on the unaudited financial statements of Viva Star International Limited as at 31 March 2016) settled by cash as disclosed in the announcement of the Company dated 11 May 2016;

(vi) on 8 July 2016, the Company entered into a placing agreement with the placing agent, China Times Securities Limited, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 151,200,000 shares at the placing price of HK$0.129 per placing share as disclosed in the announcement of the Company dated 8 July 2016;

(vii) the agreement dated 8 August 2016 entered into between Hyper Venture Limited, Mr. Yiu Wing Hei, Triumph Team Ventures Limited and the Company, as guarantor in relation to the acquisition of an aggregate of 60% of the total issued share capital of First Surplus Investments Limited as disclosed in the announcement of the Company dated 8 August 2016;

(viii) on 25 November 2016, Kanhan Technologies Limited and Idea Guru Limited entered into a sale and purchase agreement pursuant to which Kanhan Technologies Limited has agreed to sell to Idea Guru Limited the entire issued share capital in KanHan Educational Services Limited at the consideration of HK$5 million in cash as disclosed in the announcement of the Company dated 25 November 2016;

(ix) on 16 December 2016, the Company entered into a placing agreement with the placing agent, KGI Asia Limited, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 181,440,000 shares at the placing price of HK$0.16 per placing share as disclosed in the announcement of the Company dated 16 December 2016;

(x) on 30 March 2017, Profile Venture Limited and Grand Pilot Group Limited entered into a sale and purchase agreement pursuant to which Profile Venture Limited has agreed to acquire from Grand Pilot Group Limited the entire issued share capital in Stars Ventures Limited at the consideration of HK$32,400,000 as disclosed in the announcement of the Company dated 30 March 2017; and

(xi) on 25 April 2017, the Company and Pang Chun Fung Billy entered into a sale and purchase agreement pursuant to which the Company has agreed to acquire from Pang Chun Fung Billy of the 5% of the issued share capital of Metro Rainbow Limited at the consideration of HK$0.5 million as disclosed in the first quarterly report of the Company for the three months ended 31 March 2017.

7. ARRANGEMENT AFFECTING DIRECTORS

As at the Latest Practicable Date,

(i) none of the Directors had been given any benefit as compensation for loss of office or otherwise in connection with the Share Offer;

(ii) there was no agreement or arrangement between any Directors and any other persons which is conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer; and

(iii) there was no material contracts entered into by the Offeror in which any Director had a material personal interest.

8. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, the Company had entered into the following service agreements or appointment letters with the Directors:

(i) Mr. Chan Wai Kit has entered into an appointment letter with the Company as executive Director commencing from 13 October 2014 with no fixed term and no notice period for termination provided for but subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. Mr. Chan Wai Kit is entitled to a fixed remuneration of HK$1,080,000 per annum and there is no variable remuneration under the appointment letter;

(ii) Mr. Chan Kwun Chung has entered into an appointment letter with the Company as executive Director commencing from 20 March 2017 with no fixed term and no notice period for termination provided for but subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. Mr. Chan Kwun Chung is entitled to a fixed remuneration inclusive of housing allowance of HK$720,000 per annum and there is no variable remuneration under the appointment letter;

(iii) Mr. Leung Man Chun has entered into an appointment letter with the Company as independent non-executive Director for a fixed term of three years commencing from 23 February 2016 unless terminated by not less than one month notice in writing by either party. Mr. Leung Man Chun is entitled to a fixed remuneration of HK$120,000 per annum and there is no variable remuneration under the appointment letter;

(iv) Mr. Fok Kin Fung Eric has entered into an appointment letter with the Company as independent non-executive Director for a fixed term of three years commencing from 2 March 2016 unless terminated by not less than one month notice in writing by either party. Mr. Fok Kin Fung Eric is entitled to a fixed remuneration of HK$120,000 per annum and there is no variable remuneration under the appointment letter; and

(v) Dr. Lee Nim Wai has entered into an appointment letter with the Company as independent non-executive Director for a fixed term of three years commencing from 16 March 2016 unless terminated by not less than one month notice in writing by either party. Dr. Lee Nim Wai is entitled to a fixed remuneration of HK$120,000 per annum and there is no variable remuneration under the appointment letter.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this Composite Document:

Name	**Qualification**
Beijing Securities Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Beijing Securities Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice or report, as the case may be, and reference to its name in the form and context in which they are respectively included.

10. MISCELLANEOUS

(i) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(ii) The head office and principal place of business of the Company is at 21/F, Henan Building, 90 Jaffe Road, Wanchai, Hong Kong.

(iii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iv) The English texts of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 21/F, Henan Building, 90 Jaffe Road, Wanchai, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.aurumpacific.com.hk) from the date of this Composite Document onwards for so long as the Share Offer remain open for acceptance:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company for each of the two financial years ended 31 December 2015 and 2016;

(iii) the interim report of the Company for the six months ended 30 June 2017;

(iv) the third quarterly report of the Company for the nine months ended 30 September 2017;

(v) the letter from the Board, the text of which is set out in this Composite Document;

(vi) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

(vii) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;

(viii) the material contracts referred to in the section headed "Material contracts" in this appendix;

(ix) the written consent referred to in the section headed "Expert and consent" in this appendix; and

(x) the service contracts as referred to in the section headed "Directors' service agreements" in this appendix.

1. RESPONSIBILITY STATEMENT

The Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendors and their respective associates and parties acting in concert with any of them) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Offeror confirms that:

(a) save for the Offeror Existing Shares held by the Offeror, none of the Offeror and/or parties acting in concert with him owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company;

(b) none of the Offeror and/or parties acting in concert with him has received any irrevocable commitments to accept or reject the Share Offer;

(c) none of the Offeror and/or parties acting in concert with him holds any convertible securities, options, warrants or derivatives of the Company;

(d) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with him;

(e) there are no conditions to which the Share Offer is subject;

(f) save for the Facility, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror, or any persons acting in concert with it, and any other person;

(g) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer;

(h) there is no Shares or convertible securities, warrants, options or derivatives of the Company which the Offeror and/or any person acting in concert with him has borrowed or lent;

(i) save for the Facility, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuance of the Share Offer would be transferred, charged or pledged to any other persons;

(j) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Share Offer;

(k) save for the Facility, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with him and any of the Directors, recent Directors, and Shareholders or recent Shareholders which had any connection with or dependence upon the Share Offer; and

(l) no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any parties acting in concert with him and any other person.

None of (a) the Offeror; (b) any person acting in concert with the Offeror; (c) any persons who, prior to the posting of this Composite Document, who have irrevocably committed themselves to accept or reject the Share Offer; (d) a person with whom the Offeror or any person acting in concert with the Offeror has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code has dealt for value in the Shares during the Relevant Period.

3. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

None of the Offeror nor parties acting in concert with him had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the Relevant Period, save for the Acquired Shares and the following transactions:

Relevant party	Date	Purchase/sale	Number of Shares	Price per Share
Mr. Chiu	24 October 2017	Purchase	10,000,000	HK$0.1350
		Purchase	16,400,000	HK$0.1300
Mr. Chiu	23 October 2017	Purchase	12,040,000	HK$0.1340
		Purchase	11,480,000	HK$0.1320
		Purchase	6,240,000	HK$0.1310
		Purchase	45,640,000	HK$0.1300
		Purchase	10,000,000	HK$0.1290
Mr. Chiu *(note)*	23 October 2017	Sale	8,260,000	HK$0.1311
		Sale	6,000,000	HK$0.1301
		Sale	6,000,000	HK$0.1280
Mr. Chiu	20 October 2017	Purchase	9,000,000	HK$0.1270
Mr. Chiu	29 September 2017	Sale	9,680,000	HK$0.0960
Mr. Chiu	30 August 2017	Purchase	80,000	HK$0.0940
		Purchase	100,000	HK$0.0950
		Purchase	20,000	HK$0.1000
		Purchase	780,000	HK$0.1020
		Purchase	120,000	HK$0.1040
		Purchase	1,040,000	HK$0.1050
Mr. Chiu	21 August 2017	Sale	49,000,000	HK$0.0900
Mr. Chiu	17 August 2017	Sale	300,000	HK$0.0920

Relevant party	Date	Purchase/sale	Number of Shares	Price per Share
Mr. Chiu	24 July 2017	Purchase	21,120,000	HK$0.1000
		Purchase	340,000	HK$0.0990
Mr. Chiu	21 July 2017	Purchase	12,000,000	HK$0.1000
		Purchase	40,000	HK$0.0990
Mr. Chiu	20 July 2017	Purchase	27,880,000	HK$0.1000
		Purchase	40,000	HK$0.0990
Mr. Chiu	29 June 2017	Purchase	4,580,000	HK$0.1270
		Purchase	1,000,000	HK$0.1292
Mr. Chiu	28 June 2017	Purchase	1,300,000	HK$0.0998
Mr. Chiu	26 June 2017	Purchase	25,620,000	HK$0.1380
Mr. Chiu	20 June 2017	Purchase	16,000,000	HK$0.1300
Mr. Chiu	20 June 2017	Sale	40,000	HK$0.1360
Mr. Chiu	25 April 2017	Purchase	3,180,000	HK$0.1246

Note : These Shares were sold by a company wholly-owned by Mr. Chiu.

4. EXPERT AND CONSENT

In addition to those listed in paragraph 9 of Appendix III, the following is the qualification of the expert who has given opinion or advice contained or referred to in this Composite Document:

Name	Qualification
Emperor Capital	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with copy of its letter and the references to its name included herein in the form and context in which it appears.

5. MISCELLANEOUS

(a) The correspondence address of the Offeror is at Flat B, 50/F, Block 2, Ocean Pointe, 8 Sham Tsz Street, New Territories, Hong Kong.

(b) The registered office of Emperor Capital is at 28/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.

(c) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

6. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the document set forth in paragraph 11 of Appendix III to this Composite Document, copies of the following documents are available for inspection on the website of the Securities and Futures Commission at www.sfc.hk, and the Company's website at www.aurumpacific.com.hk during the period from the date of this Composite Document up to and including the Closing Date:

(a) the letter from Emperor Capital as set out on pages 8 to 18 of this Composite Document;

(b) the written consent referred to under the paragraph headed "4. Expert and Consent" in this Appendix IV; and

(c) the Facility Agreement.