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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)

2016 THIRD QUARTERLY RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Aurum Pacific (China) Group Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the nine months ended 30 September 2016. This announcement, containing the full text of the 2016 third quarterly report of the Company, complies with the relevant requirements of the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on The Growth Enterprises Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of third quarterly results. The Company’s 2016 third quarterly report will be available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.aurumpacific.com.hk on 14 November 2016 (after trading hours), and the printed version of the Company’s 2016 third quarterly report will be delivered to the shareholders of the Company on or before 15 November 2016.

By Order of the Board of
Aurum Pacific (China) Group Limited
Chan Wai Kit
Executive Director

Hong Kong, 10 November 2016

As at the date of this announcement, the Board comprises four executive Directors Mr. Chan Wai Kit, Ms. Wong Chi Yan, Mr. Mui Yuk Wah and Mr. Hung Tat Chi Alan and three independent non-executive Directors, Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the page of “Latest Company Announcements” on the GEM website for at least 7 days from the date of its posting and the website of the Company at www.aurumpacific.com.hk.

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

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

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

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

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

SUMMARY

For the nine months ended 30 September 2016:

- The revenue from continuing operations was approximately HK\$24,399,000;
- The loss attributable to owners of the Company was approximately HK\$28,458,000; and
- The Directors do not recommend the payment of any interim dividend.

UNAUDITED THIRD QUARTERLY RESULTS

The board of directors of the Company (the “Board”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2016, together with the comparative figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2016 (Expressed in Hong Kong dollars)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Continuing operations					
Revenue	2	8,674	3,885	24,399	12,465
Cost of sales		(1,830)	(2,021)	(5,322)	(5,096)
Gross profit		6,844	1,864	19,077	7,369
Other revenue	3	2	1	3,576	173
Changes in fair value of consideration payable for business combination		–	(338)	(1,753)	(1,003)
Reclassification of cumulative exchange reserve from equity upon disposal of subsidiaries		–	–	(7,410)	–
Administrative expenses		(15,213)	(6,501)	(31,448)	(18,136)
Research and development expenses		(1,859)	(1,199)	(5,252)	(3,123)
Selling and distribution expenses		(728)	(569)	(2,208)	(2,251)
Loss from operations		(10,954)	(6,742)	(25,418)	(16,971)
Finance costs	4	–	(35)	(219)	(49)
Loss before taxation	5	(10,954)	(6,777)	(25,637)	(17,020)
Income tax credit	6	101	40	71	119
Loss for the period from continuing operations		(10,853)	(6,737)	(25,566)	(16,901)
Discontinued operation					
Profit/(loss) for the period from discontinued operation	8	–	4,663	(4,370)	3,248
Loss for the period		(10,853)	(2,074)	(29,936)	(13,653)

Attributable to:
– owners of the Company
– non-controlling interests

(Loss)/earnings per share

From continuing and discontinued operations

– Basic and diluted

9

From continuing operations

– Basic and diluted

9

From discontinued operation

– Basic and diluted

9

Notes	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
	(10,853)	(2,040)	(28,458)	(12,994)
	–	(34)	(1,478)	(659)
	<u>(10,853)</u>	<u>(2,074)</u>	<u>(29,936)</u>	<u>(13,653)</u>
	HK cents (Unaudited)	HK cents (Unaudited) (Restated)	HK cents (Unaudited)	HK cents (Unaudited) (Restated)
	(1.27)	(0.48)	(4.27)	(3.27)
	<u>(1.27)</u>	<u>(1.59)</u>	<u>(3.83)</u>	<u>(4.25)</u>
	–	1.11	(0.43)	0.98

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2016

(Expressed in Hong Kong dollars)

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss for the period	(10,853)	(2,074)	(29,936)	(13,653)
Other comprehensive (expense)/income for the period				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	(6)	(7)	(938)	26
– Reclassification of cumulative exchange reserve from equity to profit or loss upon disposal of subsidiaries	–	–	7,410	–
– Release of cumulative exchange reserve upon deregistration of a subsidiary	–	–	4	–
Total comprehensive expense for the period	(10,859)	(2,081)	(23,460)	(13,627)
Attributable to:				
– owners of the Company	(10,859)	(2,047)	(21,950)	(12,968)
– non-controlling interests	–	(34)	(1,510)	(659)
	(10,859)	(2,081)	(23,460)	(13,627)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company						Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital surplus HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000		
At 1 January 2015 (Audited)	12,000	142,285	2,427	16,699	(103)	(56,396)	11,056	127,968
Loss for the period	-	-	-	-	-	(12,994)	(659)	(13,653)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	-	-	-	-	26	-	-	26
Total comprehensive income/(expense) for the period	-	-	-	-	26	(12,994)	(659)	(13,627)
Issue of shares (note 10(iii))	4,800	54,220	-	-	-	-	-	59,020
At 30 September 2015 (Unaudited)	16,800	196,505	2,427	16,699	(77)	(69,390)	10,397	173,361
At 1 January 2016 (Audited)	20,160	274,640	2,427	16,699	(6,450)	(76,527)	4,618	235,567
Loss for the period	-	-	-	-	-	(28,458)	(1,478)	(29,936)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	-	-	-	-	(906)	-	(32)	(938)
Reclassification of cumulative exchange reserve from equity to profit or loss upon disposal of subsidiaries	-	-	-	-	7,410	-	-	7,410
Release of cumulative exchange reserve upon deregistration of a subsidiary	-	-	-	-	4	-	-	4
Total comprehensive income/(expenses) for the period	-	-	-	-	6,508	(28,458)	(1,510)	(23,460)
Issue of shares (note 10(vi))	16,128	60,831	-	-	-	-	-	76,959
Derecognition of non-controlling interests upon disposal of subsidiaries (note 8)	-	-	-	-	-	-	(3,108)	(3,108)
	16,128	60,831	-	-	6,508	(28,458)	(4,618)	50,391
At 30 September 2016 (Unaudited)	36,288	335,471	2,427	16,699	58	(104,985)	-	285,958

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated interim 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 payable for business combination is stated at its fair value. 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 2015 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 expected to be reflected in the 2016 annual 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 and interest income earned from the money lending business, as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Continuing operations				
Provision of software platform	4,533	3,885	14,463	12,465
Interest income from money lending	4,141	–	9,936	–
	<u>8,674</u>	<u>3,885</u>	<u>24,399</u>	<u>12,465</u>

3. OTHER REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Continuing operations				
Gain on disposal of subsidiaries (note 8)	–	–	3,543	–
Bank interest income	–	1	–	1
Other loan interest income	–	–	–	160
Sundry income	2	–	33	12
	<u>2</u>	<u>1</u>	<u>3,576</u>	<u>173</u>

4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Continuing operations				
Interest expense on financial liabilities not at fair value through profit or loss				
– Interest on mortgage loan	–	–	219	–
– Interest on short term borrowing	–	35	–	49
	<u>–</u>	<u>35</u>	<u>219</u>	<u>49</u>

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Continuing operations				
Staff costs (including directors' remuneration)				
– Salaries, wages and other benefits	5,777	3,566	16,992	11,800
– Contributions to defined contribution retirement plan	251	115	721	549
	<u>6,028</u>	<u>3,681</u>	<u>17,713</u>	<u>12,349</u>
Auditor's remuneration	182	152	710	415
Amortisation of intangible assets	541	749	1,622	2,247
Depreciation of property, plant and equipment	1,509	140	2,014	460
Operating lease charges:				
minimum lease payments – property rentals	866	563	3,163	972
Impairment loss on goodwill	1,431	–	1,431	–
Write-off of property, plant and equipment	–	–	–	258
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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Current tax				
– Hong Kong Profits Tax				
Provision for the period	21	–	130	–
Deferred tax	(122)	(40)	(201)	(119)
Total income tax credit	(101)	(40)	(71)	(119)

The provision for Hong Kong Profits Tax for the nine months ended 30 September 2016 is calculated at 16.5% of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made for the nine months ended 30 September 2015 as the Company and its subsidiaries comprising continuing operations have either tax losses brought forward in excess of the assessable profits for the period or do not have any estimated assessable profits subject to Hong Kong Profits Tax during 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 2016 and 2015.

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2016 (2015: 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”) (the “Disposal”), 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. As a result, certain comparative figures in the condensed consolidated statement of profit or loss had been re-presented to conform to the current period’s presentation of discontinued operation.

Financial information relating to the discontinued operation is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	–	7,889	521	11,153
Cost of sales	–	(62)	(712)	(134)
Other revenue	–	2	8	83
Administrative expenses	–	(1,627)	(2,342)	(5,884)
Research and development expenses	–	(873)	(940)	(1,451)
Selling and distribution expenses	–	(961)	(533)	(1,193)
Profit/(loss) before taxation	–	4,368	(3,998)	2,574
Income tax credit/(expenses)	–	295	(372)	674
Profit/(loss) or the period from discontinued operation	–	4,663	(4,370)	3,248

8. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Loss for the period from discontinued operation include the following:

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Staff costs (including directors' remuneration)				
– Salaries, wages and other benefits	–	1,597	2,662	3,216
– Contributions to defined contribution retirement plan	–	55	101	134
	<u>–</u>	<u>1,652</u>	<u>2,763</u>	<u>3,350</u>
Amortisation of intangible assets	–	1,181	585	3,541

8. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

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
Gain on disposal (note 3)	3,543
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)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

(i) *From continuing and discontinued operations*

The calculation of loss per share for the nine months ended 30 September 2016 is based on the loss for the period attributable to owners of the Company of HK\$28,458,000 (2015: HK\$12,994,000), and the weighted average number of ordinary shares of 666,705,812 (2015: restated: 397,309,275) in issue during the period.

The calculation of loss per share for the three months ended 30 September 2016 is based on the loss for the period attributable to owners of the Company of HK\$10,853,000 (2015: HK\$2,040,000), and the weighted average number of ordinary shares of 857,113,365 (2015: restated: 423,456,790) in issue during the period.

(ii) *From continuing operations*

The calculation of loss per share for the nine months ended 30 September 2016 is based on the loss for the period attributable to owners of the Company of HK\$25,566,000 (2015: HK\$16,901,000), and the weighted average number of ordinary shares of 666,705,812 (2015: restated: 397,309,275) in issue during the period.

The calculation of loss per share for the three months ended 30 September 2016 is based on the loss for the period attributable to owners of the Company of HK\$10,853,000 (2015: HK\$6,737,000), and the weighted average number of ordinary shares of 857,113,365 (2015: restated: 423,456,790) in issue during the period.

(iii) *From discontinued operation*

The calculation of loss per share for the nine months ended 30 September 2016 is based on the loss for the period attributable to owners of the Company of HK\$2,892,000 (2015: profit of HK\$3,907,000), and the weighted average number of ordinary shares of 666,705,812 (2015: restated: 397,309,275) in issue during the period.

The calculation of loss per share for the three months ended 30 September 2016 is based on the loss for the period attributable to owners of the Company of nil (2015: profit of HK\$4,697,000), and the weighted average number of ordinary shares of 857,113,365 (2015: restated: 423,456,790) in issue during the period.

The weighted average number of ordinary shares for 2016 and 2015 above has been adjusted for the share consolidation and open offer which were completed on 22 February 2016 (see note 10(iv)) and 17 May 2016 (see note 10(vi)) respectively.

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the periods ended 30 September 2016 and 2015 is the same as the basic (loss)/earnings 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 2015 of HK\$0.02 each	2,000,000	40,000
Share subdivision (note (ii))	8,000,000	—
	<hr/>	<hr/>
At 30 September 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 capital (note (v))	2,000,000	80,000
	<hr/>	<hr/>
At 30 September 2016 of HK\$0.04 each	3,000,000	120,000
	<hr/>	<hr/>
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))	1,200,000	4,800
	<hr/>	<hr/>
At 30 September 2015 of HK\$0.004 each	4,200,000	16,800
	<hr/>	<hr/>
At 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
	<hr/>	<hr/>
At 30 September 2016 of HK\$0.04 each	907,200	36,288
	<hr/>	<hr/>

10. SHARE CAPITAL (CONTINUED)

(ii) Share subdivision

By an ordinary resolution passed at the extraordinary general meeting on 5 January 2015, every issued and unissued ordinary shares of HK\$0.02 each were 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

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 completed on 29 April 2015, the Company issued 600,000,000 ordinary shares of HK\$0.004 each at a placing price of HK\$0.10 per placing share, resulting in net proceeds of approximately HK\$58,900,000. Details of the placing are set out in the Company’s announcements dated 20 April 2015 and 29 April 2015.

(iv) 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.

(v) 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.

10. SHARE CAPITAL (CONTINUED)

(vi) 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. The completion of the placing took place on 3 August 2016. Details of the Placing are set out in the Company's announcements dated 8 July 2016 and 3 August 2016.

11. COMPARATIVE FIGURES

As a result of the separate presentation of the discontinued operation, certain comparative figures, including figures in condensed consolidated statement of comprehensive income and their related notes, have been re-presented to conform to changes in disclosure in this quarterly report.

12. EVENTS AFTER THE REPORTING PERIOD

Acquisition of 60% equity interest of First Surplus Investments Limited

On 8 August 2016, the Company as a guarantor and a subsidiary of the Company as a purchaser entered into a sale and purchase agreement with two vendors for the acquisition of an aggregate 60% of the issued share capital in First Surplus Investments Limited ("First Surplus"). First Surplus and its subsidiaries are principally engaged in game publishing, development of mobile game, application, related intellectual property and platform, and provision of related solutions. The acquisition was completed on 25 October 2016. Details of the acquisition and completion are set out in the announcements of the Company dated 11 March 2016, 8 August 2016 and 25 October 2016, and the circular of the Company dated 24 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the nine months ended 30 September 2016, the Group recorded a total revenue from continuing operations of approximately HK\$24,399,000 as compared with approximately HK\$12,465,000 for the same period in 2015. The increase in revenue from continuing operations was mainly due to contribution of the revenue of approximately HK\$9,936,000 from the new money lending business commenced on 22 October 2015. Loss attributable to owners of the Company increased to approximately HK\$28,458,000, as compared with that of approximately HK\$12,994,000 for the same period in 2015. The increase in loss was mainly attributable to (i) the reclassification of the cumulative exchange reserve of approximately HK\$7 million from equity to profit or loss in respect of disposal of entire equity interest of Native Hope Limited and its subsidiaries (“Disposal Group”); (ii) the Disposal Group recorded a net loss of approximately HK\$4.3 million for the nine months ended 30 September 2016 compared with a net profit of approximately HK\$3.2 million for the same period last year; and (iii) the increase in administrative expenses, including staff costs, property rentals and depreciation of property, plant and equipment for the nine months ended 30 September 2016.

DIVIDEND

The Directors do not recommend the payment of any interim dividend for the nine months ended 30 September 2016 (2015: HK\$Nil).

BUSINESS REVIEW AND PROSPECT

For the nine months ended 30 September 2016, the Group engaged in (i) developing and marketing of the patented server based technology and the provision of communications software platform and software related services with primary focus in the government industry sector; (ii) the provision of website development, education and communications software platform which focuses on the development of syllabus and contents for Chinese Language teaching and learning in primary and secondary schools and enterprises (the “Software Platform”); and (iii) money lending business (the “Money Lending Business”).

Software Platform

The segment revenue from continuing operations for the period amounted approximately HK\$14,463,000 (2015: the segment revenue from continuing operations of approximately HK\$12,465,000). The custom-made software development services are classified as discontinued operation and the related financial information are disclosed in note 8 to this report.

The provision of website development and electronic learning products was not well performed due to the weak demand and tough competition in the market.

To keep up with the ever-changing IT environment, the Group will closely monitor the IT trend and continuously upgrades its products.

Money Lending Business

The Company has tried to seek for other investment opportunities in order to broaden the income sources. On 22 October 2015, the Group commenced its Money Lending Business through Aurum Pacific Finance Limited, an indirect wholly-owned subsidiary of the Company, which was granted a money lenders licence by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Group adopted the money lending policy and procedure manual which provide guidelines on handling and/or monitoring of money lending procedures according to the Money Lenders Ordinance. The Money Lending Business made positive progress in its development and became one of the sources for the Group's profit for the period ended 30 September 2016. The interest income for the period ended 30 September 2016 amounted to approximately HK\$9,936,000.

We intend to continue taking efforts in developing and upgrading our products and services with a generic growth of the business in order to broaden our income sources. The Group will continue to deploy appropriate operation strategies to meet the challenges posted by the competitive market to improve the performance and maximize the returns of shareholders as a whole.

Financial Resources and Liquidity

The Group's business operations and investments are in Hong Kong and the People's Republic of China (the "PRC"). At 30 September 2016, the Group had cash and bank balances of approximately HK\$3,503,000 (31 December 2015: HK\$38,725,000). Most of the cash and bank balances are denominated in Hong Kong dollars, Renminbi and United States dollars. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

Gearing Ratio

At 30 September 2016, total assets of the Group were approximately HK\$293,717,000 (31 December 2015: HK\$273,819,000) whereas total liabilities were approximately HK\$7,759,000 (31 December 2015: HK\$38,252,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 2.6% (31 December 2015: 14%) and the current ratio, calculated as current assets over current liabilities, was 29.6 (31 December 2015: 9.4). The Directors will continue to take measures to improve the liquidity and gearing position of the Group.

Material Acquisition, Disposal and Significant Investment

On 20 January 2016, a wholly-owned subsidiary of the Company and a vendor entered into a memorandum of understanding in relation to a proposed acquisition of a target company which is principally engaged in mobile games development, operation and promotion in the PRC. The proposed acquisition was terminated on 19 July 2016. Details of the termination of memorandum of understanding are set out in the announcement of the Company dated 19 July 2016.

On 9 March 2016, the Company and a purchaser who is a connected person at the subsidiary level of the Company under the GEM Listing Rules entered into a sale and purchase agreement (“SPA”) in relation to the proposed disposal of entire equity interest of NH Group (the “Disposal”). As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and shareholders’ approval requirements under Rule 20.99 of the GEM Listing Rules. NH Group is mainly involved in the business of the provision of software platform. Details of the SPA are set out in announcements of the Company dated 9 March 2016 and 29 April 2016. The Disposal was completed on 30 June 2016. Details of the completion of the Disposal are set out in the announcements of the Company dated 16 June 2016 and 30 June 2016, the circular of the Company dated 31 May 2016 and note 8 to this report.

On 11 March 2016, the Company and vendors entered into a memorandum of understanding in relation to a proposed acquisition of First Surplus (“Acquisition of First Surplus”) and its subsidiaries are principally engaged in game publishing, development of mobile game, application, related intellectual property and platform, and provision of related solutions. On 8 August 2016, the Company as a guarantor and a subsidiary of the Company as a purchaser entered into a sale and purchase agreement with two vendors in relation to the Acquisition of First Surplus at the total consideration of HK\$150,000,000. The Acquisition of First Surplus was completed on 25 October 2016. Details of the Acquisition of First Surplus and the completion are set out in the announcements of the Company dated 11 March 2016, 8 August 2016 and 25 October 2016, and the circular of the Company dated 24 September 2016.

On 31 March 2016, the Company and a vendor entered into a memorandum of understanding in relation to an acquisition of 100% of the issued share capital of Viva Star International Limited (“Property Acquisition”) which is principally engaged in property investment and its principal asset is a commercial property located in Hong Kong. On 11 May 2016, a subsidiary of the Company and the vendor entered into a sale and purchase agreement in relation to the Property Acquisition. On 27 May 2016, the property acquisition was completed at the consideration of approximately HK\$26,670,000. Details of the Property Acquisition are set out in the announcements of the Company dated 31 March 2016, 11 May 2016 and 27 May 2016.

On 21 June 2016, the Company entered into the memorandum of understanding with a vendor in relation to the proposed acquisition of the entire issued share capital of the target. The target and its associates are principally engaged in constructing and managing fiberglass internet networks in the Netherlands. Details of the memorandum of understanding are set out in the announcement of the Company dated 21 June 2016. The proposed acquisition has not yet been completed as at the date of this report.

Apart from those disclosed in the sections headed “Material Acquisition, Disposal and Significant Investment” in this report and the section headed “Events after the reporting period” in note 12 to this report, the Group did not have any other material acquisition, disposal and significant investment during the period ended 30 September 2016.

Capital Structure

As at 30 September 2016, the authorised share capital of the Company was HK\$120,000,000 divided into 3,000,000,000 shares of HK\$0.04 each, of which 907,200,000 ordinary shares were in issue and fully paid.

Share Consolidation

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, pursuant to the share consolidation (the “Share Consolidation”), every 10 issued and unissued shares of HK\$0.004 each were consolidated into 1 consolidated share (the “Consolidated Share”) of HK\$0.04 each. 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.

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 of HK\$0.04 each to HK\$120,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.04 each 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.

Open Offer

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 (the “Open Offer”). 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. The Open Offer was completed on 17 May 2016. The Group intended to apply the net proceeds from the Open Offer as to (i) approximately HK\$40,000,000, to be utilised for the development of the Money Lending Business and (ii) the remaining, to be utilised for general working capital. 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.

The actual use of the net proceeds from the Open Offer up to 30 September 2016 in the following manner:

- (i) Approximately HK\$16,670,000 was used for the Property Acquisition;
- (ii) Approximately HK\$22,440,000 was used to settle the mortgage loan and interest expenses; and
- (iii) The remaining proceeds was used for the Money Lending Business.

Placing of new shares under general mandate

On 8 July 2016, the Company entered into a placing agreement with China Times Securities Limited as placing agent (the “Placing Agent”), pursuant to which the Placing Agent would place, on a best effort basis, to independent placees up to 151,200,000 ordinary shares of HK\$0.04 each of the Company (the “Placing Shares”) at a price of HK\$0.129 per Placing Share (the “Placing”).

The completion of the Placing took place on 3 August 2016. An aggregate of 151,200,000 Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting held on 30 May 2016. The aggregate nominal value of the Placing Shares was HK\$6,048,000. The net proceeds from the Placing were approximately HK\$19,000,000 and the net issue price was approximately HK\$0.1255 per Placing Share. The proceeds were used for the deposit of the Acquisition of First Surplus. Details of the Placing are set out in the Company’s announcements dated 8 July 2016 and 3 August 2016.

Foreign Exchange Exposure

The Directors consider that the Group had no material foreign exchange exposure.

Pledge of Assets and Contingent Liabilities

At 30 September 2016, the Group did not have any substantial pledge of assets and contingent liabilities.

Events after the Reporting Period

Details of events after the reporting period are set out in note 12 to this report.

Employee Information and Remuneration Policy

At 30 September 2016, after the completion of the Disposal, the Group had approximately 86 staff (30 September 2015: approximately 130 staff). The staff costs (including directors' remuneration) were approximately HK\$20,476,000 (nine months ended 30 September 2015: HK\$15,699,000) for the period under review. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee.

The Group provides benefits in accordance with the relevant laws and regulations including the Mandatory Provident Fund Scheme of Hong Kong.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES OF THE COMPANY

As at 30 September 2016, none of the Directors and chief executives of the Company, had, was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), (Chapter 571 under the laws of Hong Kong) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO PURCHASE SHARES OR DEBT SECURITIES

At no time during the period ended 30 September 2016 was the Company or any of its subsidiaries a party to any arrangements to enable any of the Directors and chief executive, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS INTERESTS IN SECURITIES OF THE COMPANY

Substantial Shareholders

To the best knowledge of Directors, as at 30 September 2016, the following persons, other than the Directors or chief executive of the Company, had, or was deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were expected to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of substantial shareholder	Capacity	Number of shares held (Note 1)	Approximate percentage of shareholding
Mr. Chiu Ngai Hung	Beneficial owner	78,668,000 (L)	8.67%

Note:

1. The letter “L” denotes a long position in the shares of the Company.

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 September 2016.

SHARE OPTION SCHEME

On 8 May 2013, the Company passed an ordinary resolution at the annual general meeting to adopt a new share option scheme (the “Share Option Scheme”) whereby the Board may grant share options to employees, directors, suppliers, consultants, agents and advisers or any person, at its discretion, for the primary purpose to recognize and motivate their contributions to the Group. The Share Option Scheme is valid for a period of 10 years commencing from 8 May 2013. Details of the Share Option Scheme were set out in the circular of the Company dated 27 March 2013.

On 29 April 2016, the Company passed an ordinary resolution at the extraordinary general meeting to amend the definition of “Eligible Participant” of the Share Option Scheme and the definition of “Invested Entity” be added to the Share Option Scheme (“Amendments to the Share Option Scheme”). Details of the Amendments to the Share Option Scheme are set out in the Company’s announcement dated 29 April 2016 and the Company’s circular dated 13 April 2016.

The total number of share option that could be granted was 75,600,000 shares at par value of HK\$0.04 each, representing approximately 10% of the total issued shares of the Company on the date of passing the resolution to refresh the Share Option Scheme limit at the annual general meeting on 30 May 2016.

For the period ended 30 September 2016 and up to date of this report, the Company had not granted any options and no outstanding options under the Share Option Scheme.

CONNECTED TRANSACTION

On 9 March 2016, the Company and a purchaser who was a connected person at the subsidiary level of the Company under the GEM Listing Rules entered into a sale and purchase agreement (“SPA”) in relation to a proposed disposal of entire equity interest of NH Group (the “Disposal”). As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and shareholders’ approval requirements under Rule 20.99 of the GEM Listing Rules. Details of the Disposal are set out in the Company’s announcements dated 9 March 2016 and 29 April 2016. The Disposal was completed on 30 June 2016. Details of the completion of the Disposal are set out in the announcements of the Company dated 16 June 2016 and 30 June 2016, and the circular of the Company dated 31 May 2016.

COMPETING INTERESTS

None of the Directors and management and shareholders of the Company (within the meaning of the GEM Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

CORPORATE GOVERNANCE CODE

The Company is committed to maintain corporate governance of high standards and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximising returns to shareholders.

The Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 15 of the GEM Listing Rules throughout the period ended 30 September 2016 except the CG Code provision A.2.1.

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of Chief Executive Officer (“CEO”) since the resignation of the former CEO, Mr. Mo Wai Ming, Lawrence of the Company on 8 October 2015. Mr. Chan Wai Kit, the deputy chairman of the Company, also assumes the duties of the CEO during the period under review. The Board believes that vesting the roles of chairman and chief executive officer in the same individual provided the Group with strong and consistent leadership in the development and execution of long-term business strategies.

AUDIT COMMITTEE

The Company has established audit committee with written terms of reference which was amended on 7 January 2016. The primary duties of the audit committee are to review, in draft form, the Company’s annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process, risk management and internal control of the Group. As at the date of this report, the audit committee comprises three independent non-executive Directors, namely Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai. Mr. Leung Man Chun is the chairman of the audit committee.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed with the Board the internal controls and financial reporting matters, including a review of the unaudited third quarterly report for the nine months ended 30 September 2016.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2016, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2016.

On behalf of the Board
Aurum Pacific (China) Group Limited
Chan Wai Kit
Executive Director

Hong Kong, 10 November 2016

As at the date of this report, the Board comprises four executive Directors, Mr. Chan Wai Kit, Mr. Hung Tat Chi Alan, Mr. Mui Yuk Wah and Ms. Wong Chi Yan and three independent non-executive Directors, Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai.