

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes 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 announcement.

This announcement, 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 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.

GROUP FINANCIAL HIGHLIGHTS

For the year ended 31 December 2015:

- The revenue from continuing operations was approximately HK\$41,268,000 (2014: HK\$21,412,000);
- The loss attributable to owners of the Company was approximately HK\$20,131,000 (2014: loss of HK\$1,978,000); and
- The Directors do not recommend the payment of any final dividend.

RESULTS

The Board of directors of the Company (the “Board”) hereby presents the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015, together with the comparative figures of 2014, as follows:

Consolidated Statement of Profit or Loss

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Notes	2015 HK\$'000	2014 HK\$'000
Continuing operations			
Revenue	5	41,268	21,412
Cost of sales		(9,640)	(5,807)
Gross profit		31,628	15,605
Other revenue	7	258	833
Changes in fair value of consideration payable for business combination		(1,345)	(48)
Administrative expenses		(47,707)	(11,526)
Research and development expenses		(5,079)	(2,964)
Selling and distribution expenses		(4,434)	(2,967)
Loss from operations		(26,679)	(1,067)
Finance costs	8(a)	(49)	(193)
Loss before taxation	8	(26,728)	(1,260)
Income tax credit/(expense)	9	763	(735)
Loss for the year from continuing operations		(25,965)	(1,995)
Discontinued operation			
Loss for the year from discontinued operation	10	–	(160)
Loss for the year		(25,965)	(2,155)
Attributable to:			
– owners of the Company		(20,131)	(1,978)
– non-controlling interests		(5,834)	(177)
		(25,965)	(2,155)

	<i>Notes</i>	2015 <i>HK cents</i>	2014 <i>HK cents</i> (Restated)
Loss per share			
From continuing and discontinued operations			
– Basic and diluted	<i>12</i>	<u>(4.88)</u>	<u>(0.64)</u>
From continuing operations			
– Basic and diluted	<i>12</i>	<u>(4.88)</u>	<u>(0.59)</u>
From discontinued operation			
– Basic and diluted	<i>12</i>	<u>–</u>	<u>(0.05)</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	2015 HK\$'000	2014 HK\$'000
Loss for the year	(25,965)	(2,155)
Other comprehensive expense for the year		
Items that may be classified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	<u>(6,951)</u>	<u>(29)</u>
Total comprehensive expense for the year	<u>(32,916)</u>	<u>(2,184)</u>
Attributable to:		
– owners of the Company	(26,478)	(2,007)
– non-controlling interests	<u>(6,438)</u>	<u>(177)</u>
	<u>(32,916)</u>	<u>(2,184)</u>

Consolidated Statement of Financial Position

At 31 December 2015

(Expressed in Hong Kong dollars)

		2015	2014
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		6,316	1,865
Properties under development		2,804	–
Intangible assets	13	13,065	33,478
Goodwill	17	90,510	95,783
Deferred tax assets		–	926
		<u>112,695</u>	<u>132,052</u>
Current assets			
Inventories		37	38
Trade and other receivables	14	9,101	15,094
Loans receivable	15	111,800	–
Interest receivables	16	1,382	–
Current tax recoverable		79	–
Cash and cash equivalents		38,725	21,139
		<u>161,124</u>	<u>36,271</u>
Current liabilities			
Other payables		2,481	1,923
Financial assistance from government		325	196
Deferred income		3,272	4,570
Consideration payable for business combination		9,879	–
Current tax liabilities		1,174	–
		<u>17,131</u>	<u>6,689</u>
Net current assets		<u>143,993</u>	<u>29,582</u>
Total assets less current liabilities		<u>256,688</u>	<u>161,634</u>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities		
Financial assistance from government	46	487
Deferred tax liabilities	2,707	6,277
Consideration payable for business combination	18,368	26,902
	<u>21,121</u>	<u>33,666</u>
NET ASSETS	<u>235,567</u>	<u>127,968</u>
Capital and reserves		
Share capital	20,160	12,000
Reserves	210,789	104,912
Total equity attributable to owners of the Company	230,949	116,912
Non-controlling interests	<u>4,618</u>	<u>11,056</u>
TOTAL EQUITY	<u>235,567</u>	<u>127,968</u>

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

(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 2014	10,000	81,150	2,427	16,699	(74)	(54,418)	55,784	–	55,784
Loss for the year	–	–	–	–	–	(1,978)	(1,978)	(177)	(2,155)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	–	–	–	–	(29)	–	(29)	–	(29)
Total comprehensive expense for the year	–	–	–	–	(29)	(1,978)	(2,007)	(177)	(2,184)
Issue of shares	2,000	61,135	–	–	–	–	63,135	–	63,135
Non-controlling interests arising on business combination	–	–	–	–	–	–	–	11,233	11,233
	2,000	61,135	–	–	(29)	(1,978)	61,128	11,056	72,184
At 31 December 2014	12,000	142,285	2,427	16,699	(103)	(56,396)	116,912	11,056	127,968
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, net of nil tax	–	–	–	–	(6,347)	–	(6,347)	(604)	(6,951)
Total comprehensive expense for the year	–	–	–	–	(6,347)	(20,131)	(26,478)	(6,438)	(32,916)
Issue of shares	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

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, and its principal place of business at 22nd Floor, Hua Fu Commercial Building, 111 Queen’s Road West, Hong Kong.

The Group, comprising the Company and its subsidiaries, currently engages in provision of software platform and money lending business. The Group previously also engaged in provision of custom-made solution; and this business has been abandoned since 1 January 2013.

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

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together the “Group”).

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 and the Company. 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.

(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 contingent consideration payable for business combination is stated at its fair value.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions
- Annual improvements to HKFRSs 2010-2012 Cycle
- Annual improvements to HKFRSs 2011-2013 Cycle

Except as described below, the adoption of the above amendments does not have significant impact on the Group's consolidated financial statements:

The two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

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

4 EXTRACT OF INDEPENDENT AUDITORS' REPORT

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance."

5 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:

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Provision of software platform	39,886	21,412
Interest income from money lending	1,382	—
	<u>41,268</u>	<u>21,412</u>

6 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 (2014: 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, software development and sales, network constructions, internet sales, internet marketing and domestic trading.
- 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).

Discontinued operation

- Custom-made solutions – developing and implementing custom-made solutions which are specifically designed and developed for the specific needs and requirements of a particular customer and providing technical support services.

(a) Business segment

	Continuing operations				Discontinued operation		Total	
	Software platform		Money lending		Custom-made solutions			
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	39,886	21,412	1,382	–	–	–	41,268	21,412
Reportable segment (loss)/profit	(6,327)	2,468	151	–	–	(160)	(6,176)	2,308
Amortisation of intangible assets	7,717	2,495	–	–	–	–	7,717	2,495
Depreciation of property, plant and equipment	428	332	–	–	–	–	428	332
Impairment of intangible assets	9,299	–	–	–	–	–	9,299	–
Write-off of intangible assets	3,786	–	–	–	–	–	3,786	–
Income tax (credit)/expense	(793)	735	30	–	–	–	(763)	735
Reportable segment assets	42,469	50,903	113,382	–	–	–	155,851	50,903
Additions to non-current assets	4,774	31,445	–	–	–	–	4,774	31,445
Reportable segment liabilities	(8,716)	(12,736)	(110)	–	–	–	(8,826)	(12,736)

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	41,268	21,412
Segment revenue from discontinued operation	<u>–</u>	<u>–</u>
Consolidated revenue from continuing operations	<u>41,268</u>	<u>21,412</u>
Loss for the year		
Reportable segment (loss)/profit from continuing operations	(6,176)	2,468
Segment loss from discontinued operation	<u>–</u>	<u>(160)</u>
Unallocated corporate income and expenses	<u>(19,789)</u>	<u>(4,463)</u>
Consolidated loss	<u>(25,965)</u>	<u>(2,155)</u>
Assets		
Reportable segment assets from continuing operations	155,851	50,903
Unallocated corporate assets	<u>117,968</u>	<u>117,420</u>
Consolidated total assets	<u>273,819</u>	<u>168,323</u>
Liabilities		
Reportable segment liabilities from continuing operations	8,826	12,736
Unallocated corporate liabilities	<u>29,426</u>	<u>27,619</u>
Consolidated total liabilities	<u>38,252</u>	<u>40,355</u>

The unallocated corporate income and expenses mainly include changes in fair value of consideration payable for business combination, staff costs and legal and professional fees of head office. The unallocated corporate assets and liabilities mainly include goodwill, prepayments and cash and cash equivalents of head office and consideration payable for business combination. 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	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	18,428	21,397	31,640	33,500
Mainland China	22,840	15	81,055	97,626
	41,268	21,412	112,695	131,126

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

	2015	2014
	HK\$'000	HK\$'000
Customer A	7,500	N/A [#]
Customer B	6,180	N/A [#]
Customer C	N/A[#]	3,152

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

7 OTHER REVENUE

	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Bank interest income	10	95
Other loan interest income	184	–
Other interest income	–	734
Sundry income	64	4
	258	833

8 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Interest expense on financial liabilities not at fair value through profit or loss		
– Interest on loans from a third party	49	–
– Imputed interest on interest-free loans from a shareholder	–	189
– Interest on bank loans	–	4
	<u>49</u>	<u>193</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Salaries, wages and other benefits	23,194	12,087
Contributions to defined contribution retirement plan	1,025	580
	<u>24,219</u>	<u>12,667</u>

(c) Other items:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Auditor's remuneration	650	526
Amortisation of intangible assets	7,717	2,495
Depreciation of property, plant and equipment	756	383
Loss/(gain) on disposal of property, plant and equipment	258	(1)
Impairment losses on		
– intangible assets	9,299	–
– property, plant and equipment	214	–
Operating lease charges: minimum lease payments		
– property rentals	1,905	623
Write-off of intangible assets	3,786	–
Write-off of property, plant and equipment	<u>–</u>	<u>7</u>

9 INCOME TAX RELATING TO CONTINUING OPERATIONS

Taxation in the consolidated statement of profit or loss represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – Hong Kong		
Provision for the year	<u>1,339</u>	<u>–</u>
Current tax – the Peoples' Republic of China (the "PRC")		
Under-provision in respect of prior years	<u>209</u>	<u>–</u>
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(3,231)	735
Write-down of deferred tax assets arising from tax losses	<u>920</u>	<u>–</u>
	<u>(2,311)</u>	<u>735</u>
Actual tax (credit)/expense	<u>(763)</u>	<u>735</u>

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made in 2014 as the group companies comprising continuing operations have either tax losses brought forward in excess of the assessable profits for the year or do not have any estimated assessable profits subject to Hong Kong Profits Tax during 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 of the PRC has been made for 2015 and 2014 as the subsidiaries incorporated in the PRC have estimated tax losses for the year.

10 LOSS FOR THE YEAR FROM DISCONTINUED OPERATION

On 1 January 2013, the directors abandoned the custom-made solutions business, which was carried out by a wholly-owned subsidiary, Pearlica Technologies Limited (“PTL”). On 13 October 2014, the Group disposed of the entire equity interest in PTL to an independent third party.

Loss and cash flows for the year ended 31 December 2014 from the discontinued operation were as follows:

	<i>HK\$'000</i>
Revenue	–
Administrative expenses	<u>(161)</u>
Loss before taxation	(161)
Income tax	<u>–</u>
	(161)
Gain on disposal of operation, net of nil tax	<u>1</u>
Loss for the year from discontinued operation attributable to owners of the Company	<u>(160)</u>
Loss for the year from discontinued operation includes:	
– Write-off of property, plant and equipment	<u>–</u>
Cash flows from discontinued operation	
Operating activities	<u>(200)</u>
Net cash outflows	<u>(200)</u>

11 DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: HK\$Nil).

12 LOSS PER SHARE

(a) Basic loss 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\$20,131,000 (2014: HK\$1,978,000) and the weighted average number of ordinary shares of 412,339,726 (2014 (restated): 309,863,014) 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\$20,131,000 (2014: HK\$1,818,000) and the weighted average number of ordinary shares of 412,339,726 (2014 (restated): 309,863,014) 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\$Nil (2014: HK\$160,000) and the weighted average number of ordinary shares of 412,339,726 (2014 (restated): 309,863,014) in issue during the year.

The weighted average number of ordinary shares for 2015 and 2014 above has been adjusted retrospectively for the share consolidation which were completed on 22 February 2016 (see note 18(b)).

(b) Diluted loss per share

The diluted loss per share for the years ended 31 December 2015 and 2014 is the same as the basic loss per share as there were no potentially dilutive ordinary shares in issue.

13 INTANGIBLE ASSETS

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 project sand 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% (2014: 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% (2014: 34.9% and 34.9%).

14 TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	6,344	8,869
Deposits and prepayments	2,240	889
Loans receivable (Note)	–	5,262
Other receivables	517	74
	<u>9,101</u>	<u>15,094</u>

Note: These loan receivables represented loans granted to the borrowers prior to the commencement of money lending business in 2015. Loans receivables and interest receivable thereon after the commencement of money lending business are disclosed in separate lines of the consolidated statement of financial position and in notes 15 and 16.

All of the Group’s trade and other receivables, apart from certain deposits of HK\$309,000 (2014: HK\$91,000), 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 1 month	2,949	4,037
More than 1 but less than 3 months	1,642	2,631
More than 3 but less than 6 months	1,108	876
More than 6 but less than 12 months	532	1,116
Over 12 months	113	209
	<hr/> 6,344	<hr/> 8,869

Trade receivables are normally due on presentation of billing or within 30 days from the date of billing.

15 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.

Loans receivable, apart from a loan with principal amount of HK\$35,000,000 which is secured by personal guarantee from the borrower's guarantor, are unsecured. All of the loans receivable is interest-bearing at 10% per annum and repayable on the date falling on the expiry of twelve months after the dates of drawdown or on demand in writing by the wholly-owned subsidiary.

As at 31 December 2015, all of the loans receivable is neither past due nor impaired, and is wholly repayable within one year.

16 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 receivable derived from a loan with principal amount of HK\$35,000,000 which is secured by personal guarantee from the borrower's guarantor, are unsecured. All of the interest receivables is repayable on every six months from the dates of drawdown of the principal or on demand in writing by the wholly-owned subsidiary.

As at 31 December 2015, all of the interest receivables is neither past due nor impaired, and is wholly repayable within one year.

17 BUSINESS COMBINATIONS

- (a) On 31 December 2012, the Group acquired the entire equity interest in KanHan Technologies Limited and its subsidiary, KanHan Technologies China Limited from independent third parties at a nominal consideration of HK\$28,000,000 (the “KHT Acquisition”). The consideration was satisfied in the manner as set out in the sale and purchase agreement dated 26 June 2012 in respect of the KHT Acquisition.

The first payment of HK\$4,000,000 was settled in cash on 3 July 2012. The 1st Promissory Notes were issued on 31 December 2012 and redeemed by paying HK\$15,000,000 in cash on 28 February 2013. The remaining consideration payable of HK\$6,053,000, being the remaining nominal consideration payable of HK\$9,000,000 less the shortfall amount of HK\$2,947,000, was settled in cash during the year ended 31 December 2014.

- (b) On 27 June 2014, the Group acquired the entire equity interest in KanHan Educational Services Limited and its subsidiary, KanHan Educational Services China Limited (together, “KHE Group”) from an independent third party at a nominal consideration of HK\$6,500,000 (the “KHE Acquisition”). KHE Group is principally engaged in the provision of software platform.

Pursuant to the sale and purchase agreement dated 23 June 2014 in respect of the KHE Acquisition, the consideration was settled in cash on 27 June 2014.

The consideration is subject to adjustment based on the audited consolidated profit before taxation and any extraordinary or exceptional items of KHE Group of not less than HK\$1,000,000 for each of the years ended 31 December 2014 and 2015 respectively (the “KHE Guaranteed Amount”). The consideration shall be reduced by an amount equal to any shortfall.

The audited consolidated profit before taxation and any extraordinary or exceptional items of KHE Group exceeds HK\$1,000,000 for the each of the years ended 31 December 2014 and 2015.

- (c) On 17 December 2014, the Group acquired the entire equity interest in Native Hope Limited from an independent third party at a nominal consideration of HK\$90,000,000 (the “NH Acquisition”). Native Hope Limited has the entire interest in Fair Respect International Limited, Shenzhen Xiaoke Internet Technology Company Limited and 51% interest in Shenzhen Zhoufu Internet Technology Company Limited (together, “NH Group”) as at the date of acquisition. NH Group is principally engaged in the provision of software platform.

Pursuant to the sale and purchase agreement dated 11 December 2014 in respect of the NH Acquisition (the “NH Acquisition Agreement”), the consideration would be satisfied in the following manner:

- (i) as to HK\$23,000,000 in cash within 7 business days after signing of the memorandum of understanding on 13 October 2014 in respect of the NH Acquisition;
- (ii) as to HK\$37,000,000 in cash within 7 business days upon execution of the NH Acquisition Agreement;
- (iii) as to HK\$10,000,000 in cash within 7 business days after issuance of the audited accounts of NH Group for the year ended 31 December 2015;
- (iv) as to HK\$10,000,000 in cash within 7 business days after issuance of the audited accounts of NH Group for the year ending 31 December 2016; and
- (v) as to HK\$10,000,000 in cash within 7 business days after issuance of the audited accounts of NH Group for the year ending 31 December 2017.

As at 31 December 2015 and 2014, total consideration of HK\$60,000,000 has been settled in cash in accordance with the term of payment as set out above.

The remaining consideration payable is subject to adjustment based on the audited consolidated profit after taxation but before extraordinary or exceptional items attributable to the owners of the Company of NH Group 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 audited consolidated profit after taxation but before extraordinary or exceptional items attributable to the owners of the Company of NH Group exceeds HK\$10,000,000 for the year ended 31 December 2015.

As at 31 December 2015, based on the assessment of the directors of the Company, the possibility of shortfall against the NH Guaranteed Amount for each of the years ending 31 December 2016 and 2017 is remote, and consequently the fair value of guarantee asset is HK\$Nil.

- (d) The fair value of the identifiable assets and liabilities acquired as at the respective dates of KHE Acquisition and NH Acquisition and is as follows:

	KHE Group <i>HK\$'000</i>	NH Group <i>HK\$'000</i>	Total <i>HK\$'000</i>
Property, plant and equipment	119	94	213
Intangible assets	5,007	23,605	28,612
Deferred tax assets	163	–	163
Trade and other receivables	648	668	1,316
Cash and cash equivalents	1,658	7,247	8,905
Other payables	(51)	(531)	(582)
Deferred income	(2,333)	(1,211)	(3,544)
Deferred tax liabilities	(141)	(5,901)	(6,042)
Fair value of net identifiable assets acquired	5,070	23,971	29,041
Non-controlling interests [#]	–	(11,233)	(11,233)
Net identifiable assets attributable to owners of the Company	5,070	12,738	17,808
Goodwill arising on acquisition	1,430	74,117	75,547
Total consideration	<u>6,500</u>	<u>86,855</u>	<u>93,355</u>
Total consideration, satisfied by:			
Cash	6,500	60,000	66,500
Fair value of consideration payable in cash	–	26,855	26,855
	<u>6,500</u>	<u>86,855</u>	<u>93,355</u>
Net cash outflow arising on acquisition:			
Consideration paid in cash	(6,500)	(60,000)	(66,500)
Cash and cash equivalents acquired	1,658	7,247	8,905
	<u>(4,842)</u>	<u>(52,753)</u>	<u>(57,595)</u>
Acquisition-related costs	<u>300</u>	<u>–*</u>	<u>300</u>

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

^{*} The acquisition-related costs of NH Group are borne by the seller.

- (e) 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.

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as "administrative expenses" in the consolidated statement of profit or loss for the year ended 31 December 2014.

Included in the revenue for the year ended 31 December 2014 are approximately HK\$3,646,000 and HK\$Nil attributable to the additional business generated by KHE Group and NH Group respectively. Loss for the year ended 31 December 2014 includes profit of approximately HK\$597,000 and loss of HK\$417,000 contributed by KHE Group and NH Group respectively.

Had these business combinations been taken place on 1 January 2014, the directors of the Company estimate that the consolidated revenue and the consolidated loss for the year ended 31 December 2014 would have been HK\$24,369,000 and HK\$781,000 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 2014.

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

(a) Change in directorship

Lam Kit Yan had been appointed as an executive director of the Company with effect from 18 January 2016 and resigned on 23 February 2016.

Zeng Shiquan had been appointed as an independent non-executive director of the Company with effect from 18 January 2016 and resigned on 23 February 2016.

Mui Yuk Wah has been appointed as an executive director of the Company with effect with from 23 February 2016.

Leung Man Chun has been appointed as an independent non-executive director of the Company with effect from 23 February 2016.

Hung Tai Chi Alan has been appointed as an executive director of the Company with effect from 2 March 2016.

Fok Kin Fung Eric has been appointed as an independent non-executive director of the Company with effect from 2 March 2016.

Lee Nim Wai has been appointed as an independent non-executive director of the Company with effect from 16 March 2016.

(b) Share consolidation and increase in authorised share capital

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, every ten issued and unissued ordinary shares of HK\$0.004 each were consolidated into one new ordinary share of HK\$0.04 each. Following the share consolidation which became effective on 22 February 2016, the Company's authorised share capital was HK\$40,000,000 divided into 1,000,000,000 shares of HK\$0.04 each, of which 504,000,000 ordinary shares were in issue and fully paid.

Upon the share consolidation becoming effective, the Company's authorised share capital was increased from HK\$40,000,000 divided into 1,000,000,000 shares to HK\$120,000,000 divided into 3,000,000,000 shares by the creation of an additional 2,000,000,000 shares.

(c) Disposal of NH Group

On 9 March 2016, the Company entered into a conditional sale and purchase agreement with the purchaser, who is the seller of NH Group in the NH Acquisition, pursuant to which the Company has conditionally agreed to sell its entire equity interest in NH Group and all outstanding amount owed by NH Group to the other entities within the Group at a nominal consideration of HK\$93,750,000. Of which, HK\$30,000,000 will be settled by the purchaser upon completion of the disposal by setting off the remaining nominal consideration of HK\$30,000,000 payable by the Company to the purchase for the NH Acquisition. NH Group is principally engaged in the provision of software platform and the business is classified as "software platform" segment. Details of the proposed disposal are set out in the Company's announcement dated 9 March 2016.

(d) Proposed acquisitions

On 20 January 2016, a subsidiary of the Group entered into a memorandum of understanding ("MOU") with independent third parties regarding a proposed acquisition of a PRC entity which is principally engaged in mobile games development, operation and promotion in the PRC.

On 11 March 2016, the Company entered into a MOU with independent third parties regarding a proposed acquisition of a BVI entity and its subsidiaries which are principally engaged in development, operation and publication of mobile games and application and have the principal place of business in Hong Kong.

19 COMPARATIVE FIGURES

As a result of the share consolidation which were completed on 22 February 2016, the loss per share for the year ended 31 December 2014 has been restated.

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012 - 2014 cycle	1 January 2016
Amendments to HKAS 1, Disclosure initiative	1 January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	1 January 2018

The directors have confirmed in writing that 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. It is anticipate that the application of the above amendments and new standards in the future may have a material impact on amounts reported and disclosures made in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of those effects until a detailed review has been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the year under review, the Group recorded a total turnover from continuing operations of approximately HK\$41,268,000, as compared to that of approximately HK\$21,412,000 for the same financial period in 2014. The increase in turnover was mainly due to the expansion of business after completion of acquisition of Native Hope Limited and its subsidiaries (together, “NH Group”) in December 2014. Loss attributable to owners of the Company amounted to approximately HK\$20,131,000 as compared with that of approximately HK\$1,978,000 in 2014. The loss was mainly attributable to, among other things, the increase in the administrative expenses, including the staff costs, the legal and professional fees and the impairment loss on intangible assets for the year ended 31 December 2015.

DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: HK\$Nil).

BUSINESS REVIEW AND PROSPECT

For the year ended 31 December 2015, 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; (iii) the custom-made software development services including urban grid management system, internet marketing and other projects; and (iv) money lending business.

Software Platform

Having completed the acquisition of the entire equity interests in KanHan Educational Services Limited in June 2014 and Native Hope Limited in December 2014, the Group has established a strong corporate position in the software platform business.

The segment turnover and loss for the year amounted approximately HK\$39,886,000 and HK\$6,327,000 (2014: turnover of approximately HK\$21,412,000 and profit of approximately HK\$2,468,000). Keep up with the ever-changing IT environment, the Group closely monitors 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 financing business (the “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 the handling and/or monitoring of money lending procedures according to the Money Lenders Ordinance (Chapter 163 of the Laws of the Hong Kong). The Money Lending Business made positive progress in its development and became one of the sources for the Group’s profit for the year ended 31 December 2015. On 22 October 2015, Aurum Pacific Finance Limited entered into a loan agreement with the Honghu Capital Co. Ltd (the “Borrower”) pursuant to which Aurum Pacific Finance Limited has agreed to grant a loan of HK\$35 million to the Borrower for a term of 12 months with an interest rate of 10% per annum and payable in arrears on the last day of each 6-month period from 22 October 2015. The loan is secured by a personal guarantee from the sole shareholder of the Borrower. The segment profit and its interest income for the year ended 31 December 2015 amounted to approximately HK\$151,000 and HK\$1,382,000 respectively. The outstanding principal amount of loan receivables as at 31 December 2015 was approximately HK\$111,800,000. In addition, the Group has not recorded any doubtful or bad debt in all its money lending activities during the year ended 31 December 2015.

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 Resource and Liquidity

The Group’s business operations and investments are in Hong Kong and the People’s Republic of China (the “PRC”). At 31 December 2015, the Group had cash and bank balances of approximately HK\$38,725,000 (31 December 2014: HK\$21,139,000). Most of the cash and bank balances are denominated in Hong Kong dollars, Renminbi and United States dollar. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

Gearing Ratio

At 31 December 2015, total assets of the Group were approximately HK\$273,819,000 (31 December 2014: HK\$168,323,000) whereas total liabilities were approximately HK\$38,252,000 (31 December 2014: HK\$40,355,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 14.0% (31 December 2014: 24.0%) and the current ratio, calculated as current assets over current liabilities, was 9.4 (31 December 2014: 5.4). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

Capital Structure

As at 31 December 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 5,040,000,000 ordinary shares were in issue and fully paid.

Share Subdivision and Bonus Issue

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 ("Subdivided 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 Subdivided Shares of HK\$0.004 each, of which 3,000,000,000 ordinary shares were in issue and fully paid. And also, pursuant to the bonus issue made by the Company on 19 January 2015, the Company issued 600,000,000 ordinary shares of HK\$0.004 each on the basis of one new ordinary share for every five existing Subdivided Shares held (the "Bonus Issue"). Details of the Share Subdivision and the Bonus Issue are set out in the Company's announcements dated 5 December 2014, 5 January 2015 and 19 January 2015 and the Company's circular dated 17 December 2014.

Placing of new shares under general mandate

On 29 April 2015, the Company has completed a placing (the "First Placing") with the placing agent, One China Securities Limited, pursuant to which 600,000,000 shares at the placing price of HK\$0.10 per share has been placed to not less than six placees who and whose ultimate beneficial owners are independent third parties. The net proceeds from the First Placing was approximately HK\$58,909,000.

On 11 November 2015, the Company has completed another placing (the "Second Placing") with the placing agent, Kingston Securities Limited, pursuant to which 840,000,000 shares at the placing price of HK\$0.10 per share has been placed to not less than six placees who and whose ultimate beneficial owners are independent third parties. The net proceeds from the Second Placing was approximately HK\$81,606,000.

As at 31 December 2015, amounting to approximately HK\$111,800,000 from the net proceeds of the First and Second Placing has been utilized for the money lending business of the Group, and the remaining net proceeds have been deposited in bank and have not been utilized and will be applied as general working capital and future investments of the Group.

Details of the First and Second Placing are set out in the announcements of the Company dated 20 April 2015 and 26 October 2015 respectively.

Share Consolidation

As at the date of this results announcement, 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. 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

On 29 January 2016, an ordinary resolution relating to the authorised share capital of the Company be increased from HK\$40,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.04 each to HK\$120,000,000 divided into 3,000,000,000 Consolidated Shares of HK\$0.04 each by the creation of an additional 2,000,000,000 Consolidated 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.

As at the date of this results announcement, the authorised share capital of the Company is HK\$120,000,000 divided into 3,000,000,000 shares of HK\$0.04 each.

Foreign Exchange Exposure

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

Pledge of Assets and Contingent Liabilities

At 31 December 2015, the Group did not have any substantial pledge of assets and contingent liabilities.

Material Acquisition, Disposal and Significant Investment

Pursuant to the sales and purchase agreement dated on 7 June 2015 in relation to the proposed acquisition of the entire equity interest in 北京艾普智城網絡科技有限公司 (Beijing iPole Smart City Network Technology Company Limited), certain condition of the agreement have not been fulfilled and no extension of the Long Stop Date (i.e. 7 October 2015) has been agreed, the sales and purchase agreement has been automatically terminated. Details of the termination is set out in the announcement of the Company dated on 7 October 2015.

On 29 September, 2015, the Group has entered into a memorandum of understanding (the “MOU”) with an independent third party in relation to a proposed acquisition of 51% of the issued share capital in the target company which is principally engaged in the trading of electronic products in Hong Kong. The MOU has been terminated. Details of the termination is set out in the announcement of the Company dated on 1 December 2015.

On 20 January 2016, a wholly owned subsidiary of the Company and a vendor entered into a MOU in relation to a proposed acquisition of a target company which is principally engaged in mobile games development, operation and promotion in the PRC. Details of the MOU is set out in the announcement of the Company dated 20 January 2016. The proposed acquisition has not yet entered as at the date of this results announcement.

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 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. NH Group is mainly involved in the business of the provision of software platform. Details of the SPA are set out in announcement of the Company dated 9 March 2016.

On 11 March 2016, the Company and a vendor entered into a MOU in relation to a proposed acquisition of the target. The target group is principally engaged in development, operation and publication of mobile games and applications. Details of the MOU is set out in the announcement of the Company dated 11 March 2016. The proposed acquisition has not yet entered as at the date of this results announcement.

Apart from those disclosed in the sections headed “Material Acquisition, Disposal and Significant Investment” in this results announcement and the section headed “Non-adjusting events after the reporting period” in note 18 to this results announcement, the Group did not have any other material acquisition, disposal and significant investment during the year ended 31 December 2015.

Profit Guarantee Fulfilment

Pursuant to the sale and purchase agreement dated on 27 June 2014 in respect of acquisition of the entire equity interest in KanHan Educational Services Limited and its subsidiary (together, “KHE Group”), the profit guarantee is granted to the Group that the audited consolidated profit before taxation and any extraordinary or exceptional items of KHE Group of not less than HK\$1,000,000 for the year ended 31 December 2015 has been achieved.

Pursuant to the sale and purchase agreement dated on 11 December 2014 in respect of acquisition of the entire equity interest in NH Group, the profit guaranteed is granted to the Group that the audited consolidated profit after taxation but before extraordinary or exceptional items attributable to the owners of the Company of NH Group not less than HK\$10,000,000 for the year ended 31 December 2015 has been achieved.

Employees and Remuneration Policies

As at 31 December 2015, the Group had approximately 103 employees (as at 31 December 2014: 120 employees) in Hong Kong and the PRC. The staff costs (including directors’ remuneration) were approximately HK\$24,219,000 (2014: approximately HK\$12,667,000) for the year ended 31 December 2015. The Group’s remuneration policy is revised periodically and determined by reference to market terms, company performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdiction where the employees are employed.

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.

At as 31 December 2015 and up to date of this results announcement, the Company had no outstanding options under the Share Option Scheme. Details please refer to the section headed “Share Option Scheme” in this results announcement.

Events after the Reporting Period

Details of events after the reporting period are set out in the note 18 to this results announcement.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company 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”)) (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, were as follows:

Long positions in the shares of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of shareholding
Mr. Zhang Weijie	Beneficial owner (<i>Note</i>)	438,400,000 (<i>Note</i>)	8.70%

Note: Mr. Zhang Weijie has been appointed as an executive Director and Chairman on 16 October 2015 and resigned on 9 March 2016. Upon the Share Consolidation becoming effective on 22 February 2016, the number of shares held by Mr. Zhang Weijie changed to 43,840,000 representing 8.70% of the issued shares capital of the Company.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Substantial Shareholders

To the best knowledge of Directors, as at 31 December 2015, the following persons, other than the Directors or chief executive of the Company, had 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 shareholders	Capacity	Number of shares <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Zhang Weijie	Beneficial owner <i>(Note 2)</i>	438,400,000 (L)	8.70%

Notes:

1. The letter “L” denotes the entity’s interests in the Shares.
2. Mr. Zhang Weijie has been appointed as an executive Director and Chairman on 16 October 2015 and resigned on 9 March 2016. Upon the completion of Share Consolidation on 22 February 2016, the number of shares held by Mr. Zhang Weijie changed to 43,840,000 representing 8.70% of the issued shares capital 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 31 December 2015.

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.

The total number of share option that could be granted was 420,000,000 shares at par value of HK\$0.004 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 7 May 2015.

The Share Consolidation was approved by the shareholders of the Company as an ordinary resolution at an extraordinary general meeting held on 19 February 2016 and becoming effective on 22 February 2016. As at the date of this results announcement, 42,000,000 consolidated shares at par value of HK\$0.04 each, representing approximately 8.33% of the total issued shares of the Company, can be issued under the Share Option Scheme.

For the year ended 31 December 2015 and up to date of this results announcement, the Company had no outstanding options under the Share Option Scheme.

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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2015, 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 had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under Articles, or law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 15 of the rules (the “GEM Listing Rules”) Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2015 except the CG Code provision A2.1 and A6.7.

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 Hing, Lawrence of the Company on 8 October 2015. Mr. Zhang Weijie, the Chairman of the Company and Mr. Chan Wai Kit, the deputy Chairman of the Company, also assumes the duties of the CEO during the year 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.

Under the CG Code provision A.6.7, executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Mo Wai Ming, Lawrence did not attend the annual general meeting of the Company held on 7 May 2015 due to other work commitments. The Company will strengthen its general meeting planning process, by giving all directors sufficient time to arrange their work in advance and providing any necessary support for their presence and participation in the meeting, so as to facilitate all directors attending the Company’s future general meetings.

AUDIT COMMITTEE

The Company has established audit committee with written terms of reference. 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 and internal control of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Leung Man Chun, Dr. Lee Nim Wai and Mr. Fok Kiu Fung, Eric. 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 financial statements for the year ended 31 December 2015.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

INDEPENDENCE OF INDEPENDENT NON- EXECUTIVE DIRECTORS

The Company has received from each of the INEDs a written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Board considers all of the INEDs are independent.

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 year ended 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, the Company has complied with the public float requirement under Rule 11.23 of the GEM Listing Rules.

APPRECIATION

Finally, on behalf of the Board, I would like to take this opportunity to give my sincere gratitude to my fellow Directors and all the staff who have contributed their time, efforts and supports to revive the Group's business operations.

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

Hong Kong, 23 March 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.