CONSOLIDATED FINANCIAL STATEMENTS

GLOBAL MARKET GROUP LIMITED

December 31, 2016

EY 安永

Building a better working world

GLOBAL MARKET GROUP LIMITED

CONTENTS

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Building a better working world

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and the Board of Directors of Global Market Group Limited:

We have audited the accompanying consolidated financial statements of Global Market Group Limited (the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP
Guangzhou, the People's Republic of China
July 4, 2017

GLOBAL MARKET GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of U.S. Dollars (“US$”) except for number of shares and per share data)

	Notes	As of December 31, 2016	As of December 31, 2015
		US$	US$
ASSETS			
Current assets:			
Cash and cash equivalents		6,044	14,916
Inventory		-	39
Accounts receivable (net of allowance of 5 and 15 for December 31, 2015 and 2016, respectively)	4	604	571
Prepayments and other current assets	5	5,311	6,091
Total current assets		11,959	21,617
Non-current assets:			
Property and equipment, net	6	4,264	4,752
Long term equity investment		31	8
Goodwill	7	6,509	6,513
Other intangible assets, net	7	2,574	3,552
Other non-current assets	8	1,025	1,084
Total non-current assets		14,403	15,909
TOTAL ASSETS		26,362	37,526

The accompanying notes are an integral part of the consolidated financial statements.

GLOBAL MARKET GROUP LIMITED
CONSOLIDATED BALANCE SHEETS (continued)
(Amounts in thousands of U.S. Dollars ("US$") except for number of shares and per share data)

	Notes	As of December 31, 2016	As of December 31, 2015
		US$	US$
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		26	167
Deferred revenue		5,727	10,301
Accrued expenses and other liabilities (including accrued expenses and other current liabilities of the variable interest entity without recourse to Global Market Group Limited of US$32 and nil as of December 31, 2015 and 2016, respectively)	9	6,970	14,914
Income tax payable		278	221
Total current liabilities		13,001	25,603
Non-current liabilities:			
Deferred tax liabilities	12	13	70
Total non-current liabilities		13	70
Total liabilities		13,014	25,673
Commitments and contingencies	15		
Mezzanine Equity			
Contingently redeemable noncontrolling interests	10	8,223	7,621
Shareholders' Equity:			
Ordinary shares (par value of US$0.0002 per share; 250,000,000 and 250,000,000 shares authorized as of December 31, 2015 and 2016, respectively; 93,321,935 and 93,321,935 shares issued and outstanding as at December 31, 2015 and 2016, respectively.)	11	19	19
Additional paid-in capital		48,133	44,433
Accumulated deficit		(42,051)	(40,116)
Accumulated other comprehensive loss	11	(1,177)	(104)
Total Global Market Group Limited shareholders' equity		4,924	4,232
Noncontrolling interests		201	-
Total shareholders' equity		5,125	4,232
Total liabilities and shareholders' equity		26,362	37,526

The accompanying notes are an integral part of the consolidated financial statements.

GLOBAL MARKET GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands of U.S. Dollars ("US$") except for number of shares and per share data)

	Notes	For the years ended December 31, 2016 US$	2015 US$
Revenues	16	12,140	18,335
Cost of revenues		(1,291)	(3,011)
Gross profit		10,849	15,324
Operating expenses:			
Fulfillment		(29)	(45)
Selling and marketing expenses		(6,399)	(8,960)
General and administrative expenses		(6,110)	(10,164)
Operating loss		(1,689)	(3,845)
Other income		202	703
Foreign exchange gain		161	468
Interest income		37	89
Loss before income tax		(1,289)	(2,585)
Income tax expense	12	(45)	(68)
Net loss		(1,334)	(2,653)
Less:			
Net loss attributable to contingently redeemable noncontrolling interests		69	96
Accretion of contingently redeemable noncontrolling interests	10	(671)	(738)
		(1,936)	(3,295)
Net loss attributable to noncontrolling interests		(1)	-
Net loss attributable to Global Market Group Limited's ordinary shareholders		(1,935)	(3,295)
Other comprehensive loss, net of tax			
Foreign currency translation adjustment		(1,073)	(94)
Other comprehensive loss, net of tax		(1,073)	(94)
Comprehensive loss		(3,009)	(3,389)
Comprehensive loss attributable to noncontrolling interests		(1)	-
Comprehensive loss attributable to Global Market Group Limited's ordinary shareholders		(3,008)	(3,389)
Loss per share:			
Basic	17	(0.03)	(0.04)
Diluted	17	(0.03)	(0.04)
Weighted average number of ordinary shares in computing:			
Basic	17	93,321,935	93,321,935
Diluted	17	93,321,935	93,321,935

The accompanying notes are an integral part of the consolidated financial statements.

GLOBAL MARKET GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Amounts in thousands of U.S. Dollars ("US$") except for number of shares and per share data)

	For the years ended December 31, 2016	2015
	US$	US$
Cash flows from operating activities		
Net loss	(1,334)	(2,653)
Adjustments to reconcile loss from continuing operations to net cash generated from operating activities:		
Share-based payment	59	(77)
Depreciation of property and equipment	625	508
Amortization of other intangible assets	1,039	1,087
Written of doubtful accounts	250	2,719
Write-off of obsolete inventories	38	-
Impairment of other intangible assets	589	-
Loss on disposal of property and equipment	-	33
Deferred income tax expense	(57)	(31)
Unrealized foreign exchange (gain) loss	-	(94)
Investment loss from an associate	(23)	9
Changes in operating assets and liabilities:		
Inventory	-	6
Accounts receivable	(302)	505
Prepayments and other current assets	779	(3,494)
Other non-current assets	59	2,772
Accounts payable	(141)	(312)
Deferred revenue	(4,574)	(5,306)
Income tax payable	57	143
Accrued expenses and other current liabilities	(2,462)	(1,787)
Unrecognized tax benefits	-	(2)
Net cash used in operating activities	(5,398)	(5,974)
Cash flows from investing activities		
Acquisition of property and equipment	(504)	(638)
Investment in an associate	-	(17)
Acquisition of intangible assets	(131)	(306)
Proceeds from disposal of property and equipment	84	-
Net cash used in investing activities	(551)	(961)

The accompanying notes are an integral part of the consolidated financial statements.

GLOBAL MARKET GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Amounts in thousands of U.S. Dollars ("US$") except for number of shares and per share data)

	For the years ended December 31,	
	2016	2015
	US$	US$
Cash flows from financing activities		
Proceeds from potential investors of a subsidiary	-	10,101
Repayment to potential investors of a subsidiary	(1,639)	-
Net cash generated from financing activities	(1,639)	10,101
Exchange rate effect on cash and cash equivalent	(1,284)	479
Net (decrease) increase in cash and cash equivalents	(8,872)	3,645
Cash and cash equivalents, beginning of the period	14,916	11,271
Cash and cash equivalents, end of the period	6,044	14,916
Supplemental schedule of cash flows information:		
Income tax paid	-	-

The accompanying notes are an integral part of the consolidated financial statements.

GLOBAL MARKET GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands of U.S. Dollars ("US$") except for number of shares and per share data)

	Total Global Market Group Limited's Equity							
	Number of ordinary shares	Ordinary shares	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total	Noncontrolling Interests	Total Equity
Balance as of January 1, 2015	93,321,935	19	44,510	(36,821)	(10)	7,698	-	7,698
Net loss	-	-	-	(2,653)	-	(2,653)	-	(2,653)
Other comprehensive loss	-	-	-	-	(94)	(94)	-	(94)
Net loss attributable to contingently redeemable noncontrolling interests	-	-	-	96	-	96	-	96
Accretion of contingently redeemable noncontrolling interests	-	-	-	(738)	-	(738)	-	(738)
Share-based compensation	-	-	(77)	-	-	(77)	-	(77)
Balance as of December 31, 2015	93,321,935	19	44,433	(40,116)	(104)	4,232	-	4,232
Net loss	-	-	-	(1,333)	-	(1,333)	(1)	(1,334)
Other comprehensive loss	-	-	-	-	(1,073)	(1,073)	-	(1,073)
Contribution by noncontrolling interests	-	-	3,641	-	-	3,641	202	3,843
Net loss attributable to contingently redeemable noncontrolling interests	-	-	-	69	-	69	-	69
Accretion of contingently redeemable noncontrolling interests	-	-	-	(671)	-	(671)	-	(671)
Share-based compensation	-	-	59	-	-	59	-	59
Balance as of December 31, 2016	93,321,935	19	48,133	(42,051)	(1,177)	4,924	201	5,125

The accompanying notes are an integral part of the consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

The Company was incorporated under the laws of the Cayman Islands on May 13, 2002. The accompanying consolidated financial statements include the financial statements of the Company, its controlled subsidiaries and VIE (hereinafter subsidiaries and VIE are collectively referred to as "subsidiaries" unless stated otherwise). The Company and its subsidiaries are collectively referred to as the "Group". The Group is principally engaged in provision of manufacturer-to-business ("M2B") e-commerce services and manufacturer-to-consumer ("M2C") e-commerce services. The Company does not conduct any substantive operations on its own but instead conducts its business operations through its subsidiaries

Global Market Group (Guangzhou) Co., Ltd ("Global Market Guangzhou"), a PRC entity wholly owned by the Company entered into a series of contractual arrangements ("VIE Arrangements" which are more fully described below) with Guangzhou Shen Long Computer Technology Co. Ltd ("Guangzhou Shen Long"), a PRC entity wholly owned by Mr. Weijia Pan and Mr. Weinian Pan (the "Pan Brothers") whose principal business is the provision of internet content services, whereby Global Market Guangzhou obtained effective control over the Guangzhou Shen Long through its ability to exercise all the rights of Guangzhou Shen Long, the rights to absorb substantially all of the economic residual benefits and the obligation to fund all of the expected losses of the Guangzhou Shen Long. In accordance with Accounting Standards Codification ("ASC") topic 810 ("ASC 810"), "Consolidation", the Company, through Global Market Guangzhou, consolidates the operating results of Guangzhou Shen Long. The reason the Group entered into these VIE Arrangements is due to the fact that PRC Laws and regulations (i) prohibit direct foreign control in certain industries such as internet services in which the Group operates and (ii) restrict an offshore company controlled or established by a PRC enterprise or natural person to acquire its PRC affiliates. As a result, in an effort to ensure that the Group is not violating such PRC Laws or regulations, it structured its legal organization using the aforementioned VIE arrangements.

VIE Arrangements

The significant terms of the VIE Arrangement are listed below:

(i) Exclusive Management, Technical Consultancy and Permission Agreements

Global Market Guangzhou provides the following exclusive management, technical consultancy and permission services to Guangzhou Shen Long (hereafter, the "Contractual Services"): i) daily management and operating services; ii) technical supports; and iii) permission to use trademark and logo owned by Global Market Guangzhou.

Global Market Guangzhou has the right to charge an amount equal to Guangzhou Shen Long's total revenue less cost and expenses for the Contractual Services. Global Market Guangzhou also has the unilateral discretion in setting or adjusting the charge fees for the Contractual Services.

Guangzhou Shen Long shall be operated and controlled by an operating committee which is solely controlled by Global Market Guangzhou. The operating committee has the right to assess and approve the annual budget of Guangzhou Shen Long.

Global Market Guangzhou shall be obligated to provide financial support to Guangzhou Shen Long in the event Guangzhou Shen Long incurs losses.

Unless Global Market Guangzhou terminates the agreement, the exclusive management, technology consultancy and permission agreement will remain effective until the dissolution of Global Market Guangzhou in accordance with the applicable PRC laws.

1. ORGANIZATION AND BASIS OF PRESENTATION (continued)

VIE Arrangements (continued)

(ii) Exclusive Call Option Agreements

Global Market Guangzhou has the exclusive right to acquire from the legal shareholders (i.e. Pan Brothers) their partial or entire equity interests in Guangzhou Shen Long, or all the assets of Guangzhou Shen Long, at a price equivalent to the registered capital of Guangzhou Shen Long or at a lower cost as permitted by applicable PRC laws and regulations when and if PRC laws permit such a transaction.

Guangzhou Shen Long will not enter into any transaction that may materially affect its net assets or operations without the prior written consent of Global Market Guangzhou.

The legal shareholders of Guangzhou Shen Long, will not transfer, sell, pledge or dispose of their equity interest in Guangzhou Shen Long without the prior written consent of Global Market Guangzhou.

Guangzhou Shen Long will not distribute any dividend without the prior consent of Global Market Guangzhou.

The exclusive option agreement will remain effective until the exclusive option is exercised to purchase the entire equity interest of Guangzhou Shen Long.

(iii) Equity Pledge Agreements

The legal shareholders of Guangzhou Shen Long have pledged their equity interests in Guangzhou Shen Long to Global Market Guangzhou to secure the payment obligations of Guangzhou Shen Long under the Contractual Services agreement.

Any dividends or distributions received by the legal shareholders from Guangzhou Shen Long shall be paid to Global Market Guangzhou, net of any tax.

Unless Global Market Guangzhou terminates the agreement, the equity pledge agreement will remain effective until (i) Guangzhou Shen Long fulfills all the obligations prescribed in the exclusive call option agreements, the exclusive management, technology consultancy and permission agreement or (ii) Global Market Guangzhou acquires the entire equity interest of Guangzhou Shen Long.

(iv) Powers of Attorney

The legal shareholders have executed a power of attorney in September 2010 to irrevocably grant to Global Market Guangzhou or its designee the power of attorney to exercise all of shareholders' rights, including the right to appoint and elect board members and senior management members, as well as other voting rights. The power of attorney is effective for 20 years and will automatically extend for next 1 year when expire.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

1. ORGANIZATION AND BASIS OF PRESENTATION (continued)

Risks in relation to the VIE Arrangement

In the opinion of management, (i) the ownership structure of the Company, and the VIE are in compliance with existing PRC laws and regulations; (ii) the contractual arrangements with the VIE and its shareholder are valid and binding, and will not result in any violation of PRC laws or regulations currently in effect; and (iii) the Company's business operations are in compliance with existing PRC laws and regulations in all material respects.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, the Company cannot be assured that PRC regulatory authorities will not ultimately take a contrary view to its opinion. If the current ownership structure of the Company and its contractual arrangements with VIE are found to be in violation of any existing or future PRC laws and regulations, the Company may be required to restructure its ownership structure and operations in the PRC to comply with the changing and new PRC laws and regulations. In the opinion of management, the likelihood of loss in respect of the Company's current ownership structure or the contractual arrangements with VIE is remote based on current facts and circumstances.

The Company's ability to control the VIE also depends on the power of attorney Global Market Guangzhou has to vote on all matters requiring shareholder approval in the VIE. As noted above, the Company believes this power of attorney is legally enforceable but may not be as effective as direct equity ownership.

In addition, if the legal structure and contractual arrangements were found to be in violation of any existing PRC laws and regulations, the Group may be subject to fines or other actions.

The carrying amounts and classifications of the assets and liabilities of the VIE are as follows:

	As at December 31,	
	2016	2015
	US$	US$
ASSETS		
Current assets:		
Cash	nil	6
Accounts receivable	nil	-
Prepayments and other current assets	nil	465
Total current assets	nil	471
Total assets	nil	471
LIABILITIES		
Current liabilities:		
Accrued expenses and other liabilities	nil	32
Total current liabilities	nil	32
Non-current liabilities:		
Deferred tax liabilities, non-current	nil	28
Total liabilities	nil	60

1. ORGANIZATION AND BASIS OF PRESENTATION (continued)

The financial performance and cash flows of the VIE are as follows:

	For the years ended December 31,	
	2016	2015
	US$	US$
Revenues	nil	211
Net income	nil	57
Net cash provided generated used in operating activities	nil	(23)
Net cash provided by investing activities	nil	-
Net cash provided by financing activities	nil	-

There are no consolidated VIE's assets that are collateral for the VIE's obligations and which can only be used to settle the VIE's obligations.

Creditors of the VIE have no recourse to the general credit of Global Market Guangzhou, which is the primary beneficiary of the VIE.

Pursuant to the board resolution of Global Market Guangzhou date April 15, 2016, Global Market Guangzhou terminated VIE Arrangements with Guangzhou Shen Long in April 2016.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

1. ORGANIZATION AND BASIS OF PRESENTATION (continued)

Details of the Company's subsidiaries and variable interest entity as at December 31, 2016 are set out as follows:

Company	Date of Establishment	Place of establishment	Percentage of ownership by the Company	Principal activities
Global Market Group (Asia) Limited ("Global Market Asia")	June 14, 2000	Hong Kong	100%	Investment holding and M2B e-commerce services
Global Market Group (Guangzhou) Co., Ltd ("Global Market Guangzhou")	September 6, 2002	PRC	100%	M2B e-commerce services
Global Market Asia Holding Limited (Hong Kong) ("Global Market Asia Holding")	June 23, 2015	Hong Kong	100%	M2B e-commerce services
Shenzhen Long Mei Network Technology Co., Ltd ("Shenzhen Long Mei")	June 5, 2008	PRC	100%	M2B e-commerce services
Shenzhen Global Market Information Technology Co., Ltd ("Shenzhen Global Market")	September 7, 2009	PRC	100%	M2B e-commerce services
Suzhou Long Mei Information Technology Co., Ltd. ("Suzhou Long Mei")	April 9, 2010	PRC	100%	M2B e-commerce services
Guangzhou Long Tian Software Technology Co., Ltd ("Guangzhou Long Tian)	July 27, 2011	PRC	100%	M2B e-commerce services
Guangzhou Longyuan Software Technology Co., Ltd. ("Guangzhou Long Yuan")	March 28, 2013	PRC	100%	M2B e-commerce services
Guangzhou Longxiang Supply Chain Management Co., Ltd	September 19, 2014	PRC	100%	Logistic services
GMC Wallet Limited (formerly known as GMCpay Limited) ("GMCwallet")	June 19, 2013	BVI	100%	M2B e-commerce services
Feifei Group Limited(BVI) ("Feifei Group Ltd")	June 19, 2013	BVI	100%	Investment holding and M2C e-commerce services
Guangzhou Feifei Information Technology Co., Ltd ("Guangzhou Feifei")	November 29, 2013	PRC	100%	M2C e-commerce services
Guangzhou Long Fei Software Technology Co., Ltd. ("Guangzhou Long Fei")	November 28, 2012	PRC	89.47%	M2C e-commerce services
Suzhou Feifei Software Technology Co., Ltd ("Suzhou Feifei")	August 19, 2014	PRC	100%	M2C e-commerce services
Global Pearl Group Limited ("Global Pearl")	July 31, 2014	BVI	100%	Investment holding
Guangzhou Zhaixing Property Management Co., Ltd ("Guangzhou Zhaixing")	October 14, 2014	PRC	51%	Investment holding

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and use of estimation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions reflected in the Group's financial statements include, but are not limited to, revenue recognition, allowance for doubtful accounts, inventory write-down, useful lives of property and equipment, impairment of property and equipment, intangible assets and goodwill, realization of deferred tax assets, share-based compensation and consolidation of variable interest entity. Actual results could materially differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation.

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Foreign Currency

In accordance with ASC 830-10, "Foreign Currency Matters: Overall", the functional currencies of the Company, Feifei International Ltd., and Feifei Group Ltd., are determined to be the United States dollars ("US$"), The functional currency of Global Market Asia is determined to be Hong Kong dollars ("HK$"); and the functional currency of the Company's PRC subsidiaries is the Chinese Renminbi ("RMB"). The Company uses the US$ as its reporting currency. The financial statements of foreign subsidiaries are translated to U.S. dollars at the end-of-period exchange rates for assets and liabilities and an average exchange rate for each period for revenues and expenses. The resulting translation gains (losses) are recorded in accumulated other comprehensive income (loss) as a component of shareholders' equity.

Transactions denominated in foreign currencies are remeasured into the functional currency at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are remeasured at the balance sheet date exchange rate. Exchange gains and losses are included in the consolidated statements of comprehensive loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and all highly liquid investments purchased with original maturities of three months or less at the date of purchase.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are carried at net realizable value. An allowance for doubtful accounts are recorded when collection is no longer probable. In evaluating the collectability of receivable balances, the Group considers factors such as customer circumstances or age of the receivable. Accounts receivable are written off after all collection efforts have ceased. Collateral is not typically required, nor is interest charged on accounts receivables.

(Amounts in thousands of U.S. Dollars (“US$”) and in thousands of Renminbi (“RMB”) except for number of shares and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories, consisting of products available for sale, are accounted for using the first-in first-out method, and are valued at the lower of cost or market. This valuation requires the Company to make judgments, based on currently available information, about the likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category.

Property and Equipment, net

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Category	Estimated Useful Life	Estimated Residual Value
Electronic and office equipment	3-5 years	5% or 10%
Vehicles	5 years	5%
Buildings	36 years	10%
Leasehold improvement	shorter of lease term or 5 years	-

Repair and maintenance costs are charged to expense as incurred, whereas the cost of renewals and betterment that extend the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of operations.

Goodwill

Goodwill represents the excess of the purchase price over the amount assigned to the fair value of assets acquired and liabilities assumed. In accordance with ASC 350, “Intangibles - Goodwill and Other”, goodwill is not amortized, but rather is tested for impairment annually or more frequently if indicators of impairment present. The Group assigned and assessed goodwill for impairment at the reporting unit level. The Group determines that each reporting unit is identified at the operating segment level. The Company adopted ASU No. 2011-08 (“ASU 2011-08”), Intangibles—Goodwill and Other (ASC 350), pursuant to which the Company has the option to first assess qualitative factors to determine whether it is necessary to perform the two-step test. The Company would not be required to calculate the fair value of a reporting unit unless the entity determines, based on the qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The Company would perform the two-step quantitative goodwill impairment test if it is not more likely than not that its fair value is less than its carrying amount. The first step of the impairment test involves comparing the fair value of the reporting unit with its carrying amount, including goodwill. Fair value is primarily determined by computing the future discounted cash flows expected to be generated by the reporting unit. If the carrying value exceeds the fair value, goodwill may be impaired. If this occurs, the Group performs the second step of the goodwill impairment test to determine the amount of impairment loss. The fair value of the reporting unit is allocated to its assets and liabilities in a manner similar to a purchase price allocation in order to determine the implied fair value of the reporting unit goodwill. If the carrying amount of the goodwill is greater than its implied fair value, the excess is charged as an impairment loss. Annual goodwill impairment test is performed as at December 31.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Intangible Assets, net

Other intangible assets consisting of computer software, website, acquired customer relationship and capitalized software development costs are carried at cost less accumulated amortization and impairment, if any.

Acquired customer relationships are related to the ability to sell existing services to existing customers. Customer relationships acquired from third parties have been recognized initially at fair value at the date of acquisition using a valuation technique based on expected income. Customer relationships acquired from an entity under common control are measured at their carrying amounts in the accounts of the transferring entity at the date of transfer.

Capitalized software development costs represent capitalized costs of producing software for sale in accordance with ASC 985-20, "Costs of software to be sold, leased or marketed". All costs incurred prior to establishing the technological feasibility of a computer software product to be sold, leased, or otherwise marketed are charged to expense when incurred. Capitalization of computer software costs ceases when the product is available for general release to customers and is amortized over the useful life on a straight line basis.

Intangible assets with a finite useful life are carried at cost less accumulated amortization. Intangible assets with a finite useful life are generally amortized on a straight-line basis over the useful lives of the respective assets, which are set out as follows:

Category	Estimated Useful Life
Computer software	2-5 years
Website	5 years
Acquired customers relationships	5-6.25 years
Capitalized software development costs	2-5 years

Impairment of Long-Lived Assets

The Group evaluates its long-lived assets or asset group with finite lives for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of a group of long-lived assets may not be fully recoverable. When these events occur, the Group evaluates the impairment by comparing the carrying amount of the assets to future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the asset group over its fair value.

Fair Value of Financial Instruments

Financial instruments of the Group primarily comprise of cash and cash equivalents, accounts receivables, other current assets, accounts payable and derivative financial liabilities related to the options granted to nonemployees. The carrying values of these financial instruments, other than derivative financial liabilities, approximate their fair values due to their short-term maturities. The derivative financial liabilities which were reclassified from equity as it meets the definition of derivative upon the performance completion were recorded at fair value as determined on the performance completion date related to the option granted to nonemployee and subsequently adjusted to the fair value at each reporting date (Note 20). The Group determined the fair values of derivative financial liabilities with the assistance of an independent third party valuation firm.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue is derived from M2B e-commerce services and M2C e-commerce services. Revenue for each type of service is recognized in accordance with ASC 605-10, "Revenue Recognition: Overall" when the following four criteria are met: (i) persuasive evidence of an arrangement exists; (ii) the service has been rendered; (iii) the fees are fixed or determinable; (iv) collectability is reasonably assured.

M2B e-commerce services

The Group provides M2B e-commerce services to connect manufacturers in China with international buyers through its online marketplaces. M2B e-commerce services consist principally of global manufacturer certificate ("GMC") service, listing services, matching services, storefront services, catalog services and exhibition services.

The GMC service is based on a proprietary evaluation process wherein a customer is awarded a certificate to indicate that it has successfully met the evaluation criteria. The Group engages an external third party with expertise in quality testing and certification to execute the evaluation procedures which typically require less than 1 month to complete.

Listing services involve the production and maintenance of customer product or service offering information in databases ("Customer Database") that are interfaced to the Group's online website to enable users to search for products, services and other information provided by the Group's customers. The listing services typically have a term of 1 or 2 years.

Matching services utilizes the information contained in the Customer Database to identify suppliers whose product or service offerings matches the sourcing requests obtained from potential buyers. Once there is a match, the Group provides a notification to both parties with their respective contact information and/or facilitates contact between the parties. The Group does not guarantee any business will arise from its matching results. The matching services typically have a term of 1 or 2 years.

Storefront services utilize the information contained in the Customer Database to develop virtual storefronts on the Group's online website. These storefronts enable potential buyers to obtain information concerning the customer. The storefront services typically have a term of 1 or 2 years.

Catalog services involve the production and distribution of monthly or bi-monthly product/service catalog that lists the offerings of its customers. The catalog services typically have a term of 1 or 2 years.

Exhibition services involve displaying products and distributing a customer's marketing material of its products or services at trade fairs. The exhibition services typically have a term of 1 or 2 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

M2B e-commerce services (continued)

The Group enters into M2B service arrangements with its customers that contain multiple service deliverables because each of the services in the arrangement is explicitly referred to as an obligation of the Group, requires distinct actions by the Group and the inclusion or exclusion of each service in the contract are expected to cause the service consideration to vary. GMC service was provided on a standalone basis to a significant number of its customers and as a result, the Group recognized GMC service as a separate deliverable in multiple element arrangements that are entered into. The Group will continue to monitor whether standalone value of GMC service is established such that GMC services in the multiple arrangements may be recognized as a separate deliverable. According to ASC 605-25, "Multiple-Element Arrangements", the total arrangement consideration is allocated to each unit of accounting based on its relative selling price which is determined based on the Group's best estimate of the selling price for that deliverable because neither vendor-specific evidence nor third-party evidence of selling price exists. In determining its best estimate of selling price for each deliverable, the Group considered its overall pricing model and objectives, as well as market or competitive conditions that may impact the price at which the Group would transact if the deliverable were sold regularly on a standalone basis. The Group will monitor the conditions that affect its determination of selling price for each deliverable and will reassess such estimates periodically.

Written contracts are signed by the Group and customer to document the agreed terms of each M2B service arrangement. Side arrangements or subsequent changes are not made to signed contracts. M2B arrangements have service terms of 1 or 2 years for all services to be performed except the GMC service which is a provision of a certificate to the customer to indicate that such customer has undergone an evaluation process to certify certain criteria have been met. The Group does not monitor whether the customer continues to meet the criteria once the GMC certificate is issued and cannot revoke the issued GMC certificate for any reason, including if the GMC certificate holder does not meet the criteria subsequent to the issuance of the GMC certificate. The arrangement fee is fixed and not subject to variable or contingent provisions or general rights to refund. The Group performs credit assessments on its customers prior to selling on credit to ensure collectability is reasonably assured. In accordance with ASC 605-10, revenue is recognized for each separate unit of accounting upon satisfying the four criteria for revenue recognition stated above. For listing services, catalog services and exhibition services which are separate units of accounting, revenue is recognized ratably over the service period, generally over a term of 1 or 2 years, assuming the other criteria for revenue recognition have been met. For GMC service which is sold by the Group on a standalone basis, revenue is recognized upon the delivery of the GMC certificate for the compliance of GMC standards or when the customer is informed of its failure to comply with the GMC standards. For those deliverables that are combined with the last delivered element in an arrangement, the allocated amount to the combined unit is recognized as revenue over the service period in which the last delivered element is performed, generally over a term of 1 or 2 years, assuming the other criteria for revenue recognition have been met.

M2C e-commerce services

The Group provides M2C *e-commerce* service to sell general merchandise sourced from manufacturers and distributors in China and to operate the feifei.com marketplace program, under which third-party merchants sell general merchandise on the Company's website.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M2C e-commerce services (continued)

Customers place their order for products online fixing the related selling price and shipping charge. Payment for the purchased product is made before delivery. Revenue, net of discounts and return allowances, are recorded when title passes to customers upon delivery. Return allowances, which reduce product revenue, are estimated based on historical experience. Shipping charges to customers are included in product revenue and totaled nil and nil for the years ended December 31, 2015 and 2016, respectively.

Prior to December 2014, the Company is the primary obligor of the transactions by assuming inventory risk. Starting from December 2014, the Company only acts as an agent to earn a fixed fee by providing the platform for trading between manufacturers and customers. In accordance with ASC 605, "Revenue Recognition", the Company records product sales and related costs on a gross basis as it is the primary obligor in a transaction. When the Company is not the primary obligor in a transaction but instead acting as an agent, fees earned are recorded on a net basis.

Cost of Revenues

Cost of revenue for M2B e-commerce service comprises direct costs incurred for the provision of services and an allocation of indirect overhead costs. Cost of revenue for M2C e-commerce service represents the purchase price of consumer products sold by the Company when the Company is the primary obligor in a transaction.

The Group is subject to business taxes and surcharges levied on services provided in China. In accordance with ASC 605-45, "Revenue Recognition - Principal Agent Considerations", all such business taxes and surcharges are presented as cost of revenues on the consolidated statements of comprehensive loss. Business taxes, value-added taxes and surcharges for the years ended December 31, 2015 and 2016 are approximately US$1,048 and US$315, respectively.

Commission Costs

The Group's sales personnel are entitled to commission calculated based on a percentage of total service fees earned. The commission is paid to the sales employees after the service fees are collected from the customers. Since the commissions incurred are considered direct and incremental to securing service revenue agreements, they are capitalized and deferred in accordance with ASC 605-20-25, "Revenue – Services – Recognition". Commissions are charged to selling and marketing expenses in proportion to the revenue recognized.

Fulfillment

Fulfillment costs represent packaging material costs and those costs incurred in outbound shipping, operating and staffing the Group's fulfillment and customer service centers, including costs attributable to buying, receiving, inspecting and warehousing inventories; picking, packaging and preparing customer orders for shipment; processing payment and related transaction costs and responding to inquiries from customers. Fulfillment costs also contain third party transaction fees, such as credit card processing and debit card processing fees. Shipping cost amounted to US$45 and US$29 for the years ended December 31, 2015 and 2016, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Expenditure

Advertising costs are expensed when incurred and are included in "selling and marketing expenses" in the consolidated statements of comprehensive loss. Advertising expenses were approximately US$894 and US$374 for the years ended December 31, 2015 and 2016, respectively.

Leases

Leases are classified at the inception date as either a capital lease or an operating lease. For the lessee, a lease is a capital lease if any of the following conditions exists: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases. The Group leases certain office facilities under non-cancelable operating leases. The Group had no capital lease for any of the periods stated herein.

Income Taxes

The Group follows the liability method of accounting for income taxes in accordance with ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive loss in the period that includes the enactment date.

The Group applies ASC 740 to account for uncertainties in income taxes. Interest and penalties arising from underpayment of income taxes shall be computed in accordance with the related PRC tax law. The amount of interest expense is computed by applying the applicable statutory rate of interest to the difference between the tax position recognized and the amount previously taken or expected to be taken in a tax return. Interest and penalties recognized in accordance with ASC 740-10 is classified in the consolidated statements of comprehensive income as income tax expense.

In accordance with the provisions of ASC 740-10, the Group recognizes in its financial statements the impact of a tax position if a tax return position or future tax position is "more likely than not" to prevail based on the facts and technical merits of the position. Tax positions that meet the "more likely than not" recognition threshold are measured at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. The Group's estimated liability for unrecognized tax benefits which is included in the "accrued expenses and other liabilities" account is periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by tax authorities, changes and/or developments with respect to tax audits, and expiration of the statute of limitations. The outcome for a particular audit cannot be determined with certainty prior to the conclusion of the audit and, in some cases, appeal or litigation process. The actual benefits ultimately realized may differ from the Group's estimates. As each audit is concluded, adjustments, if any, are recorded in the Group's financial statements. Additionally, in future periods, changes in facts, circumstances, and new information may require the Group to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which the changes occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

Share options granted to employees are accounted for under ASC 718, "Share-Based Payment". In accordance with ASC 718, the Company determines whether a share option or restricted share unit (“RSU”) should be classified and accounted for as a liability award or an equity award. All grants of share options or RSUs to employees classified as equity awards are recognized in the financial statements based on their grant date fair values. Compensation cost for an award with a performance condition shall be accrued only if it is probable that the performance condition will be achieved. Compensation cost related to performance options that only vest on consummation of liquidity events such as initial public offerings and change in control events is recognized when liquidity event is consummated. The Company recognizes compensation expenses using the accelerated method for share options granted and the straight-line method for RSUs granted.

ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in the subsequent period if actual forfeitures differ from initial estimates. Forfeiture rate is estimated based on historical and future expectation of employee turnover rate and are adjusted to reflect future change in circumstances and facts, if any. Share-based compensation expense is recorded net of estimated forfeitures such that expense was recorded only for those share-based awards that are expected to vest. To the extent the Company revises this estimate in the future, the share-based payments could be materially impacted in the period of revision, as well as in following periods.

The Company records share-based compensation expense for awards granted to non-employees in exchange for services at fair value in accordance with the provisions of ASC 505-50, "Equity based payment to non-employees”. For the awards granted to non-employees, the Company will record compensation expenses equal to the fair value of the share options at the measurement date, which is determined to be the earlier of the performance commitment date or the service completion date. Upon the performance completion, the awards will subject to the requirements of ASC 815 and be reclassified from equity to liability if it meets the definition of derivative. Accordingly, the fair value of the awards will be measured at each reporting date with changes in fair value recognized as compensation expenses until the awards are exercised or expired.

The Company, with the assistance of an independent valuation firm, determined the fair values of the share-based compensation options recognized in the consolidated financial statements. The binomial option pricing model is applied in determining the estimated fair value of the options granted to employees and non-employees.

When the vesting conditions of a share-based payment are modified, the Company first determines whether the original vesting conditions were expected to be satisfied on the modification date. When a vesting condition that is probable of achievement is modified and the new vesting condition also is probable of achievement, the compensation cost to be recognized if either the original vesting condition or the new vesting condition is achieved cannot be less than the grant-date fair value of the original award. That compensation cost is recognized if either the original or modified vesting condition is achieved. If the modification also increases the fair value of the award, the incremental compensation cost associated with the modification is recognized only if the modified vesting condition is satisfied.

Earnings per Share

Earnings per share are calculated in accordance with ASC 260, “Earnings Per Share”. Basic earnings per ordinary share is computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per ordinary share reflect the potential dilution that could occur if securities to issue ordinary shares were exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants

Government grants are provided by the relevant PRC municipal government authorities to subsidize the cost of certain research and development projects and to encourage investments in the PRC. The amount of such government grants are determined solely at the discretion of the relevant government authorities and there is no assurance that the Company will continue to receive these government grants in the future. Government grants are recognized when it is probable that the Company will comply with the conditions attached to them, and the grants are received. When the grant relates to an expense item, it is recognized in the statement of operations over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate, as a reduction of the related operating expense. Where the grant relates to an asset, the government grant received is accounted as a deduction from the carrying amount of the related asset.

Comprehensive loss

Comprehensive loss is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. Accumulated other comprehensive income, as presented on the consolidated balance sheets, includes the cumulative foreign currency translation adjustments.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in ASC 605, and requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is originally effective for the annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. ASU No. 2015-14, "Revenue from Contracts with Customers" ("ASU2015-14"), defers the effective date of ASU 2014-09 by one year. As a result, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017 and interim periods therein. Early adoption is permitted to the original effective date. The Company is currently evaluating the impact of adopting the new revenue standard on its consolidated financial statements and considering additional disclosure requirements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740) Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). ASU 2015-17 requires that deferred income tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within annual periods beginning after December 15, 2018. The Group has early adopted the ASU 2015-17 when preparing for the financial statement for the year ended December 31, 2016 on a prospective basis and no retrospective adjustment was made for the consolidated balance sheet as of December 31, 2015.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize the rights and obligations resulting from leases as assets and liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2016- 02 on its consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). ASU 2016-09 involves several aspects of the accounting for shared-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flow. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Group is currently evaluating the impact of the adoption of ASU 2016-09 on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 ("ASU 2016-13"), Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. The standard will replace "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For available-for-sale debt securities, entities will be required to record allowances rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. The standard is effective for annual periods beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements

In November 2016, the FASB issued Accounting Standards Update No. 2016-18 ("ASU 2016-18"), Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This standard is effective e for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04("ASU 2017-04"), Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. ASU 2017-04 eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. This standard is effective for annual and any interim December 15, 2021. Early adoption is permitted. The Company is currently evaluating the effect that this guidance will have on its consolidated financial statements and related disclosures.

Concentration of credit risk

Assets that potentially subject the Group to significant concentration of credit risk primarily consist of cash and accounts receivable. As at December 31, 2016, substantially all of the Group's cash was deposited in financial institutions located in the PRC, including mainland China and Hong Kong, which management believes are of high credit quality. Accounts receivable are typically unsecured and are derived from revenue earned from customers in the PRC. The risk with respect to accounts receivable is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring of outstanding balances.

3. CONCENTRATION OF RISKS

Concentration of customers

There were no revenues from customers which individually represent greater than 10% of the total revenue for any of the periods presented.

Current vulnerability due to certain other concentrations

The Group’s operations may be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than 30 years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC’s political, economic and social conditions. There is also no guarantee that the PRC government’s pursuit of economic reforms will be consistent or effective.

Currency convertibility risk

The Group transacts the majority of its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People’s Bank of China (the “PBOC”). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into United States dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers’ invoices, shipping documents and signed contracts. Additionally, the value of the RMB is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

Other business risk

Internet related businesses are subject to significant restrictions under current PRC laws and regulations. Specifically, foreign investors are not allowed to own more than a 50% equity interest in any ICP business. Currently, the Group conducts its ICP operations in China through contractual arrangements among Global Market Guangzhou, Guangzhou Shen Long and legal shareholders of Guangzhou Shen Long. The relevant regulatory authorities may find the current contractual arrangements and businesses to be in violation of any existing or future PRC laws or regulations. If so, the relevant regulatory authorities would have broad discretion in dealing with such violations.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

4. ACCOUNTS RECEIVABLE

	As at December 31, 2016	As at December 31, 2015
	US$	US$
Accounts receivable	619	576
Less: Allowance for doubtful accounts	(15)	(5)
Accounts receivable, net	604	571

Movement in allowance for doubtful accounts:

	2016	2015
	US$	US$
Balance at beginning of the year	5	44
Additional provision charged to expenses	(249)	6
Write-off	239	(41)
Foreign currency translation adjustment	20	(4)
Balance at end of the year	15	5

5. PREPAYMENTS AND OTHER CURRENT ASSETS

	As at December 31, 2016	As at December 31, 2015
	US$	US$
Prepaid expenses	446	1,184
Deposits for office leases	321	157
Capitalized commission costs	1,322	1,710
Prepaid financing expenses	655	822
Others	2,567	2,218
Total	5,311	6,091

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

6. PROPERTY AND EQUIPMENT, NET

	As at December 31, 2016	As at December 31, 2015
	US$	US$
Electronic and office equipment	1,795	1,782
Vehicles	242	198
Buildings	1,696	1,992
Leasehold improvement	3,205	2,898
Property and equipment, cost	6,938	6,870
Less: Accumulated depreciation	(2,674)	(2,118)
Property and equipment, net	4,264	4,752

Depreciation expenses amounted to approximately US$508 and US$625 for years ended December 31, 2015 and 2016, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The changes in carrying amount of goodwill for the years ended December 31, 2015 and 2016 are as follows:

	US$
Balance as at December 31, 2015	6,513
Foreign currency translation adjustment	(4)
Balance as at December 31, 2016	6,509

Other intangible assets consist of the following:

	As at December 31, 2016	As at December 31, 2015
	US$	US$
Computer software	1,852	1,955
Website	-	600
Acquired customers relationships	613	613
Capitalized software development costs	5,041	3,658
Less: Accumulated amortization	(4,343)	(3,274)
Less: Impairment recognized	(589)	-
Total	2,574	3,552

Amortization expense amounting to approximately US$1,072 and US$1,025 for the years ended December 31, 2015 and 2016, respectively, were recorded in general and administrative expenses on the consolidated statements of comprehensive loss. Amortization expense amounting to approximately US$15 and US$14 for the years ended December 31, 2015 and 2016, respectively, were recorded in cost of revenues on the consolidated statements of comprehensive loss.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

7. GOODWILL AND OTHER INTANGIBLE ASSETS, NET (continued)

The estimated annual amortization expense of intangible assets for each of the following five fiscal years are as follows:

	US$
2017	687
2018	670
2019	585
2020	279
2021	353
Total	2,574

8. OTHER NON-CURRENT ASSETS

	As at December 31, 2016 US$	As at December 31, 2015 US$
Deposits	168	134
Prepaid land lease payment	-	93
Loans to employees	857	857
Total	1,025	1,084

The Group granted interest-free loans to high performing senior management to purchase cars. The loans granted to senior managers and managers would be settled when they exercised share options. The cars purchased by the employees are pledged to the Group as collateral for the loans.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	As at December 31, 2016 US$	As at December 31, 2015 US$
Funds received from potential investors of a subsidiary	4,973	9,686
Salary and welfare payable	469	1,527
Accrued operating expenses	515	1,719
Professional fees	46	192
Other taxes payable	794	336
Others	173	1,454
Total	6,970	14,914

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

10. CONTINGENTLY REDEEMABLE NONCONTROLLING INTERESTS

On March 26, 2014, Guangzhou Daily Newspaper Business Co., Limited ("Guangzhou Daily"), a third-party, injected US$6,496 (RMB40,000) to obtain 10.53% equity interests of the Company's subsidiary, Guangzhou Longfei (the "Contingently Redeemable Noncontrolling Interests").

Guangzhou Daily may require the Company to redeem all of its equity interest in Guangzhou Longfei if i) the Company and its subsidiaries (except Guangzhou Longfei) engage in business with competition with Guangzhou Longfei; ii) Guangzhou Longfei cannot achieve a success IPO on the stock exchange (domestic or oversea stock exchange) before December 31, 2021; or iii) the Group does not transfer all the registered trademarks for M2C business to Guangzhou Longfei as specified in the share purchase agreement. The redemption price will equal to the initial capital injection amount increased at the rate of ten percent (10%) per annum.

In addition, Guangzhou Daily has a call option to obtain from the Company an additional equity interest in Guangzhou Longfei of up to 3.75% for nil consideration if Guangzhou Longfei's revenues were below RMB150,000 during the period from April 1, 2014 to March 31, 2015 based on a predetermined formula. Conversely, the Company has an option to obtain Guangzhou Daily's equity interest in Guangzhou Longfei of up to 2.2% for nil consideration if Guangzhou Longfei's revenues exceed RMB150,000 during the period from April 1, 2014 to March 31, 2015 based on a predetermined formula.

The Contingently Redeemable Noncontrolling Interests have been classified as mezzanine equity as they can be redeemed at the option of the holder upon the occurrence of certain contingent events outside the control of the Company. The redemption feature and the contingent call or put option features embedded in the Contingently Redeemable Noncontrolling Interests were not required to be bifurcated because the underlying equity interests of Guangzhou Longfei are not net settleable, publicly traded nor readily convertible into cash.

The initial carrying value of the Contingently Redeemable Noncontrolling Interests is the Purchase Price of US$6,496. The Company concluded that the Contingently Redeemable Noncontrolling Interests are not redeemable currently, but it is probable that the Contingently Redeemable Noncontrolling Interests will become redeemable. The Company elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the Contingently Redeemable Noncontrolling Interests to equal the redemption value at the end of each reporting period. An accretion charge of US$671 was recorded as a reduction of income available to ordinary shareholders for the year ended December 31, 2016.

The movement of carrying value of the Contingently Redeemable Noncontrolling Interests is as follows:

	US$
Balance as at January 1, 2016	7,621
Net loss attributable	(69)
Changes in redemption value	671
Balance as at December 31, 2016	8,223

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

11. SHAREHOLDERS' EQUITY

Ordinary shares

The Company did not pay or declare any dividends on ordinary shares for the years ended December 31, 2015 and 2016.

Accumulated other comprehensive loss

Changes in accumulated other comprehensive loss by component, net of tax of nil, for the years ended December 31, 2015 and 2016 are as follows:

	Foreign currency translation US$
Balance as at January 1, 2015	(10)
Other comprehensive loss	(94)
Balance as at December 31, 2015	(104)
Other comprehensive loss	(1,248)
Balance as at December 31, 2016	(1,352)

12. INCOME TAXES

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

British Virgin Islands

Under the current laws of the British Virgin Islands, the Company is not subject to tax on income or capital gains.

Hong Kong

For the years ended 31 December 2015 and 2016, profits tax in Hong Kong was generally assessed at the rate of 16.5% on the taxable income arising in or derived from Hong Kong. Upon payments of dividends by Hong Kong companies to their shareholders, there was no Hong Kong dividend withholding tax.

China

Effective from January 1, 2008, the PRC's statutory income tax rate in 2015 and 2016 is 25%. The Company's PRC subsidiaries are subject to income tax at 25% except for the following:

Guangzhou Longtian was qualified as a "Software Enterprise" and was granted a 2+3 tax holiday starting from its first profit-making year in 2012. As such, Guangzhou Longtian is income tax exempted for 2012 and 2013 and is subject to income tax at 12.5% in years 2014, 2015 and 2016.

Guangzhou Long Yuan is a newly-established enterprise which entitles to a "two-year exemption, three year 50% reduction" holiday starting from its first profit-making year. As such, Guangzhou Long Yuan is income tax exempted for 2016 and 2017 and can enjoy a preferential tax rate of 12.5% in years 2018, 2019 and 2020.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

12. INCOME TAXES (continued)

Further, pursuant to the prevailing income tax law and its relevant regulations, qualified research and development ("R&D") expenses are subject to an additional 50% super deduction. Moreover, dividends paid by PRC tax residents to non-PRC tax residents shareholders, for earnings derived since January 1, 2008 are subject to a 10% PRC dividend withholding tax, unless tax treaty reliefs are available.

Corporate Income Tax

Loss before income taxes consists of:

	For the years ended December 31,	
	2016	2015
	US$	US$
British Virgin Islands	268	363
Cayman Island	(204)	(310)
Hong Kong	481	931
PRC	(1,834)	(3,569)
Total	(1,289)	(2,585)

The current and deferred components of the income tax expense appearing in the consolidated statements of comprehensive loss are as follows:

	For the years ended December 31,	
	2016	2015
	US$	US$
Current tax expense	(102)	(89)
Deferred tax expense	57	21
Income tax expense	(45)	(68)

The reconciliation of income tax expense computed by applying the PRC statutory income tax rate to loss before income tax and the actual income tax expense is presented below.

	For the years ended December 31,	
	2016	2015
	US$	US$
Loss before income tax	(1,289)	(2,585)
Income tax expenses computed at the PRC statutory tax rate of 25%	(322)	675
Effect of different tax rates in different jurisdictions	(57)	92
Effect of tax holidays	(185)	(67)
Non-deductible expenses		
Share-based compensation	74	62
Others	(109)	(305)
Income not subject to tax	(26)	-
Changes in valuation allowance	580	(506)
Investment basis difference in PRC Domestic Entities	-	11
Other	-	(30)
Actual income tax expenses	(45)	(68)

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

12. INCOME TAXES (continued)

The aggregate amount and per share effect of tax holidays or preferential tax rate are as follows:

	For the years ended December 31,	
	2016	2015
	US$	US$
The aggregate amount	(185)	(67)
The aggregate effect on basic and diluted loss per share:		
Basic and diluted	Nil	Nil

Deferred Tax

The Group's significant components of deferred tax assets and liabilities are as follows:

	As at December 31, 2016	As at December 31, 2015
	US$	US$
Deferred tax assets		
Accrued expense	17	359
Excessive advertising expense deductible in the future	-	22
Bad debt provision	77	1
Capitalized software development cost	7	69
Intangible assets and property and equipment	343	128
Net operating loss	1,174	3,994
Less: Valuation allowance	(1,618)	(4,573)
Total	-	-
Deferred tax liabilities		
Intangible assets and property and equipment	13	42
Investment basis in PRC Domestic Entities	-	28
Total	13	70

In assessing the realizability of deferred tax assets, the Company has considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company records a valuation allowance to reduce deferred tax assets to a net amount that management believes is more-likely-than-not realizable based on the weight of all available evidence.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

12. INCOME TAXES (continued)

As of December 31, 2016, the Company had net operating losses of approximately US$1,174 from various subsidiaries, which can be carried forward to offset future net profit for income tax purposes. The net operating loss carryforward as at December 31, 2016 will expire in years 2017 to 2021 if not utilized.

Unrecognized Tax Benefits

For the years ended December 31, 2015 and 2016, the Company recorded unrecognized tax benefits of approximately nil and nil, respectively.

The unrecognized tax benefits are analyzed as follows:

	As at December 31	
	2016	2015
	US$	US$
Balance-beginning	-	2
Settlement for tax positions of prior years	-	(2)
Balance-ending	-	-

During the years ended December 31, 2015 and 2016, the Company did not recognize any interest and penalties related to unrecognized tax benefits. There was no accrued interest and penalties related to unrecognized tax benefits as of December 31, 2015 and 2016.

The Company's PRC subsidiaries' tax years 2010 through 2015 remain open to examination by the PRC tax authorities and the Company's Hong Kong subsidiary's tax years 2006 through 2014 remain open to examination by the Hong Kong Inland Revenue Department.

13. SHARE-BASED PAYMENTS

Options granted to Consultants

(a) Granted by a shareholder

On July 11, 2008, Mr. Weijia Pan, a principal shareholder of the Company, entered into an stock option agreement with the consultant, Hanson Westhouse Limited ("Hanson Westhouse"), under which, Hanson Westhouse paid Great British Pound ("GBP" or "£") 1 to Mr. Weijia Pan in exchange for a fully vested options to purchase from Mr. Weijia Pan 489,845 ordinary shares with an exercise price of US$0.6533 per share. These options are exercisable at any time during the period of two years commencing from the date of the completion of the Company's listing of its ordinary shares on a stock exchange in the United States or in Hong Kong.

As of December 31, 2016, the options granted by Mr. Weijia Pan to Hanson Westhouse to purchase an aggregate of 489,845 shares with exercise prices of US$0.6533 per share were still outstanding which will expire two years after the completion of an initial public offering in the United States or in Hong Kong. As of December 31, 2016, the aggregate intrinsic value of options granted to Hanson Westhouse was nil.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

13. SHARE-BASED PAYMENTS (continued)

(b) Granted by the Company

The following table summarized the consultant share options granted by the Company for the years ended December 31, 2016:

Granted by the Company	Number of option	Weighted Average per Share Exercise Price US$	Weighted Average Remaining Contractual Term (Years)	Aggregated Intrinsic Value US$'000
Outstanding, January 1, 2016	226,000	2.04	6.47	
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding, December 31, 2016	226,000	2.04	6.47	
Vested and expected to vest at December 31, 2016	226,000	2.04	6.47	
Exercisable at December 31, 2016	-			

As of December 31, 2016, the Company has options outstanding granted to consultants to purchase an aggregate of 226,000 shares with exercise prices of £1.3 per share which will expire in 5.46 years. The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the estimated fair value of the underlying stock at each reporting date, for those awards that have an exercise price below the fair value of the Company's ordinary shares. As of December 31, 2016, the aggregate intrinsic value of options granted to consultant on June 18, 2012 was nil.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

13. SHARE-BASED PAYMENTS (continued)

Employee options

In order to attract and retain the best available personnel, provide additional incentives to employees and directors and promote the success of the Company's business, the Company adopted a 2010 equity incentive plan in 2009 (the "2010 Plan"). Under the 2010 Plan, the Company may grant options to its employees and directors to purchase an aggregate of no more than 5,000,000 ordinary shares of the Company, subject to different vesting requirements. The 2010 Plan was approved by the Board of Directors and shareholders of the Company on July 23, 2009.

The 2010 Plan will be administered by the Compensation Committee as set forth in the Option Plans (the "Plan Administrator"). The officers of the Company have been authorized and directed by the Plan Administrator to execute Option Agreements with those persons selected by the Plan Administrator and issue ordinary shares of the Company upon exercise of any options so granted pursuant to the terms of an Option Agreement. All options granted under the 2010 Plans have a term of ten years from the option grant date.

(a) Options Granted to Employees

The following table summarized the Company's employee share option activity under the Option Plans for the years ended December 31, 2016:

Granted by the Company	Number of option(*)	Weighted Average per Share Exercise Price US$	Weighted Average Remaining Contractual Term (Years)	Aggregated Intrinsic Value US$'000
Outstanding, January 1, 2016	3,829,022	1.45	5.25	-
Granted	-			
Forfeited	(534,637)	(1.52)	-	-
Exercised	-			
Outstanding, December 31, 2016	3,294,385	1.44	4.22	-
Vested and expected to vest at December 31, 2016	3,294,385	1.44	4.22	-
Exercisable at December 31, 2016	-			

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

13. SHARE-BASED PAYMENTS (continued)

Employee options (continued)

(a) Options Granted to Employees (continued)

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the estimated fair value of the underlying stock at each reporting date, for those awards that have an exercise price below the estimated fair value of the Company's shares.

(b) Founder's Options

On April 29, 2010, Mr. Weijia Pan, a principal shareholder of the Company, entered into stock option agreements ("Option Agreements") with selected employees (the "Grantees") to purchase ordinary shares in the Company held by him at a fixed exercise ranging between US$0.005 to US$0.3 per share.

On September 8, 2010, Mr. Weijia Pan entered into stock option agreements with selected employees to purchase ordinary shares in the Company held by him at a fixed exercise price of US$1.75 per share.

The options granted by Mr. Weijia Pan vest upon the successful completion of the Company's initial public offering in any jurisdiction and continuous employment of the grantee with the Company for a period of 3 years after the completion of the offering. The awards were granted on April 29, 2010 and September 8, 2010, respectively, and have been accounted for as equity awards of the Company since the options were granted by a principal shareholder for service provided to the Company. The options are measured at the grant date fair value and a corresponding credit will be recorded in additional paid-in capital when vested.

The following table summarized the employee share options granted by the principal shareholder:

Granted by Principal shareholder	Number of option(*)	Weighted-Average per Share Exercise Price US$	Weighted Average Remaining Contractual Term (Years)	Aggregated Intrinsic Value US$'000
Outstanding, January 1, 2016	1,614,776	0.26	4.35	961
Granted	-			
Forfeited	(193,000)	(0.24)		
Exercised	-			
Outstanding, December 31, 2016	1,421,776	0.26	3.35	775
Vested and expected to vest at December 31, 2016	1,421,776	0.26	3.35	775
Exercisable at December 31, 2016	-			

13. SHARE-BASED PAYMENTS (continued)

Employee options (continued)

(b) Founder's Options (continued)

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the estimated fair value of the underlying stock at each reporting date, for those awards that have an exercise price below the estimated fair value of the Company's shares.

(c) Modification of employee options

On June 22, 2014, the Company modified the vesting date of 2,306,132 options and 1,732,296 options granted to employees from June 22, 2014 and July 22, 2014 to June 22, 2015, respectively. Since the vesting condition was probable of achievement both before and after the modification, the modification of the vesting condition attached to the options was treated as a Type I probable-to-probable modification in accordance with ASC 718 on June 22, 2014. The incremental compensation cost of US$11 associated with the modification was recognized for the year ended December 31, 2014.

(d) Restricted share units

Pursuant to letter of appointment of independent non-executive director, the Company issued to an independent director 15,385 fully vested RSUs at nil subscription price on the Admission. In addition, on the first anniversary of the Company’s admission to trading on the AIM Market of the London Stock Exchange in June 2012(the “Admission”), the Company will grant a number of fully vested RSUs with an aggregate fair value equivalent to £20,000 calculated based on the closing price per share on the last trading day before June 22, 2013, provided his appointment as an independent director of the Company has not been terminated or expired at the time of grant. On September 26, 2013, the Company issued 50,000 vested RSUs with par value US$0.0002 each to the independent director.

The RSUs are classified as liability awards which are measured based on the settlement date fair value. As of December 31, 2016, the RSUs granted to employee by the Company are all vested.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

13. SHARE-BASED PAYMENTS (continued)

Employee options (continued)

(e) Compensation cost

Total compensation cost relating to options and RUSs granted to employees and directors recognized for the years ended December 31, 2015 and 2016 are as follows:

	The years ended December 31,	
	2016	2015
	US$	US$
Cost of revenues	(3)	2
Selling and marketing expenses	56	(182)
General and administrative expenses	6	103
Total	59	(77)

14. RELATED PARTY TRANSACTIONS

(a) Related parties

Name of related parties	Relationship with the Group
Guangzhou Shen Long Computer Technology Co., Ltd	Entity control by the controlling shareholder

(b) The Group had the following related party transaction for the years presented:

	The years ended December 31,	
	2016	2015
	US$	US$
Internet content service incurred:		
Guangzhou Shen Long	20	-

For the year ended December 31, 2016, Guangzhou Shen Long provided Internet content service to the Group amounted to US$20.

For the years ended December 31, 2015 and 2016, the Group paid aggregate compensation of approximately US$321 and US$321 to directors and executive officers as a group, respectively.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

15. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Future minimum payments under non-cancelable operating leases with initial terms in excess of one year consist of the following at December 31, 2016:

	US$
2017	383
2018	322
2019	279
2010	309
2021 and thereafter	515
	1,808

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The Company's lease arrangements have no renewal options, rent escalation clauses, restrictions or contingent rents and are all conducted with third parties. For the years ended December 31, 2015 and 2016, rental expenses for all operating leases amounted to approximately US$1,321 and US$592, respectively.

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

16. SEGMENT REPORTING

In accordance with ASC 280-10 "Segment Reporting: Overall", the Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer, who reviews consolidated results of the Group when making decisions about allocating resources and assessing performance of the Group. The chief operating decision maker uses net income (loss) to evaluate the performance of each reportable segment. Accordingly, for the years ended December 31, 2015 and 2016, the Group operated and managed its business as M2B e-commerce segment and M2C e-commerce segment.

Business disclosures:

As of and for the years ended December 31, 2015 and 2016, the Group consisted of two segments, namely M2B e-commerce segment and M2C e-commerce segment.

The accounting policies used in its segment reporting are the same as those used in the preparation of the Group's consolidated financial statements. The Company does not allocate any assets to its M2B e-commerce segment and M2C China e-commerce services segment as management does not use this information to measure the performance of the reportable segments.

The Group's segment information as of and for year ended December 31, 2016 is as follows:

	M2B	M2C China	Unallocated	Total
	US$	US$	US$	US$
Revenues	12,123	17	-	12,140
Cost of revenues	(1,280)	(11)	-	(1,291)
Fulfillment	-	(29)	-	(29)
Selling and marketing expenses	(6,219)	(180)		(6,399)
General and administrative expenses	(4,796)	(1,075)	(239)	(6,110)
Other income	234	(32)	-	202
Foreign exchange (loss) gain	167	-	(6)	161
Interest income	27	10	-	37
Income tax expense	(45)	-	-	(45)
Net income (loss)	211	(1,300)	(245)	(1,334)
Total assets	18,950	1,518	5,894	26,362
Total liabilities	12,734	112	168	13,014
Capital expenditure	634	-	-	634
Depreciation and amortization expense	1,412	252	-	1,664

(Amounts in thousands of U.S. Dollars ("US$") and in thousands of Renminbi ("RMB") except for number of shares and per share data)

16. SEGMENT REPORTING (continued)

The Group's segment information as of and for year ended December 31, 2015 is as follows:

	M2B	M2C China	Unallocated	Total
	US$	US$	US$	US$
Revenues	18,222	113	-	18,335
Cost of revenues	(2,960)	(51)	-	(3,011)
Fulfillment	-	(45)	-	(45)
Selling and marketing expenses	(8,677)	(283)	-	(8,960)
General and administrative expenses	(5,935)	(1,100)	(3,129)	(10,164)
Other income	703	-	-	703
Foreign exchange gain	361	-	107	468
Interest income	25	64	-	89
Income tax expense	(68)	-	-	(68)
Net income (loss)	1,671	(1,302)	(3,022)	(2,653)
Total assets	29,332	5,339	2,855	37,526
Total liabilities	24,677	823	173	25,673
Capital expenditure	940	4	-	944
Depreciation and amortization expense	1,282	313	-	1,595

Geographic disclosures:

The Group primarily generates its M2B and M2C revenues from customers in Mainland China and Hong Kong in the PRC. All of the Group's long-lived assets are located in Mainland China and Hong Kong. Revenues from customers based on their geographical location for the year ended December 31, 2015 and 2016 are as follows:

	For the years ended December 31,	
	2016	2015
	US$	US$
Mainland China	9,094	14,695
Hong Kong	3,046	3,640
Total	12,140	18,335

17. LOSS PER SHARE

Basic and diluted loss per share for each of the periods presented are calculated as follows:

	For the years ended December 31,	
	2016	2015
	US$	US$
	(Amounts in thousands except for the number of shares and per share data)	
Net loss attributable to ordinary shareholders used in calculating net loss per ordinary share – basic and diluted	(1,935)	(3,295)
Denominator:		
Weighted average number of ordinary shares outstanding used in calculating basic loss per share:	93,321,935	93,321,935
Dilutive option		
Weighted average number of ordinary shares outstanding used in calculating diluted loss per share:	93,321,935	93,321,935
Basic and diluted loss per share:		
Basic loss per share	(0.02)	(0.04)
Diluted loss per share	(0.02)	(0.04)

For the years ended December 31, 2015 and 2016, the share options granted by the Company are excluded from the computation of diluted loss per share as their effects would have been anti-dilutive.