

8 May 2012

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL GENERAL OFFER BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF PRIME PRECISION HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN AURUM PACIFIC (CHINA) GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY PRIME PRECISION HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among others, the Sale and Purchase Agreement and the Offer.

On 30 March 2012, the Vendor and the Offeror entered into the unconditional Sale and Purchase Agreement, pursuant to which, the Vendor agreed to sell, and the Offeror agreed to purchase, the Sale Shares of 142,651,965 Shares, at consideration of HK\$21,397,794.75 (equivalent to HK\$0.15 per Sale Share). Completion took place on 11 April 2012. Immediately following Completion, the Offeror and parties acting in concert with it were interested in 142,651,965 Shares, representing approximately 71.33% of the existing issued share capital of the Company. Accordingly, the Offeror was required to make the Offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code.

Further terms of the Offer are set out in the letter from Kingston Securities and Appendix I to this Composite Document of which this letter forms part. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders and the letter from Vinco Capital to the Independent Board Committee in relation to the Offer.

THE OFFER

As at the Latest Practicable Date, there were 200,000,000 Shares in issue. The Company has no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

Based on the Offer Price of HK\$0.15 per Share, which is equal to the price per Share paid by the Offeror under the Sale and Purchase Agreement, and 200,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$30 million. As at the

Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 142,651,965 Shares. As such, 57,348,035 Shares will be subject to the Offer and the Offer is valued at HK\$8,602,205.25.

Principal terms of the Offer

Kingston Securities is making the Offer, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.15 in cash

The Offer Shares to be acquired under the Offer shall be fully paid or credited as fully paid and free from all liens, claims and encumbrances and together with all rights attaching to them as at 11 April 2012, including the rights to receive all dividends and distributions declared, made or paid, if any, on or after the Completion Date.

Acceptance of the Offer shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

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

INFORMATION OF THE COMPANY

Prior to the Suspension, the Group was principally engaged in the provision of information localization services, the development and sale of software and custom-made solutions. During the financial year ended 31 December 2011, the Group (i) disposed of the business of trading of computer equipment and related accessories in June 2011; and (ii) further scales down the business of developing and implementing custom-made solutions. As of the Latest Practicable Date, the Group was principally engaged in the business of developing and implementing custom-made solutions.

For the year ended 31 December 2011, the Group recorded audited: (i) turnover of approximately HK\$0.27 million (2010 (restated): HK\$0.56 million); (ii) loss attributable to owners of the Company of approximately HK\$3.10 million (2010 (restated): profit of HK\$0.12 million); and (iii) net liabilities of approximately HK\$4.55 million (2010: HK\$1.45 million).

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company immediately before Completion, immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	Number of Shares	%	Number of Shares	%
The Vendor	142,651,965 ^{Note}	71.33	—	—
The Offeror and parties acting in concert with it	—	—	142,651,965	71.33
Public Shareholders	<u>57,348,035</u>	<u>28.67</u>	<u>57,348,035</u>	<u>28.67</u>
	<u>200,000,000</u>	<u>100.00</u>	<u>200,000,000</u>	<u>100.00</u>

Note: Prior to the Completion, the 142,651,965 Shares (being the Sale Shares) were pledged by the Vendor to Kingston Finance Limited pursuant to a loan agreement. Upon Completion, the charges over the Sale Shares were released.

INFORMATION AND INTENTION OF THE OFFEROR

Your attention is drawn to the sections headed “Information on the Offeror” and “Intention of the Offeror regarding the Group” in the letter from Kingston Securities as set out in this Composite Document.

It is the intention of the Offeror that following the close of the Offer, the Group will continue with its existing principal activities and to proceed with the transactions under the Resumption Proposal, which included the proposed acquisition of an IT business engaged in a patented server based font technology for its real time on-line communication software platform as mentioned in the Announcement and the Joint Announcement. The Offeror will conduct a detailed review of the business and operations of the enlarged Group upon completion of the transactions contemplated under the Resumption Proposal in order to formulate a long term strategy for the enlarged Group and explore other business or investment opportunities in line with the principal business of the Group before the Suspension to enhance its future business development and strengthen its revenue bases. As at the Latest Practicable Date, save for the transactions under the Resumption Proposal, the Offeror does not have any plan to inject any asset or business into the Group, or introduce any changes to the principal business of the Group, or to procure the Company to acquire or dispose of any asset, or to re-deploy the fixed assets of the enlarged Group other than in the ordinary course of business following completion of the transactions under the Resumption Proposal.

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

The Offeror intends to nominate Mr. Lau and up to two other new Directors to the Board. Such appointments will be made in accordance with the Takeovers Code and the GEM Listing Rules. It is expected that Mr. Cheung Yu Ping will resign as executive Director after the close of the Offer. Save as aforesaid, the Offeror does not intend to re-deploy the employees of the Group. Accordingly, the existing business will continue to be operated by the existing employees under the supervision and management of the new executive Board.

The Board noted the intention of the Offeror in respect of the Group and its employees and is willing to render cooperation and support to the Offeror, which are in the interests of the Company and the Shareholders as a whole.

MAINTAINING LISTING STATUS OF THE COMPANY

The Offeror and Mr. Lau intend to maintain the listing of the Shares on GEM after the close of the Offer. The Offeror and Mr. Lau will severally undertake to the Stock Exchange to take appropriate steps as soon as practicable following the close of the Offer and before the Resumption to ensure that sufficient float exists for the Shares pursuant to the GEM Listing Rules.

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

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market;

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

RECOMMENDATION

The Independent Board Committee is established to make recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance.

Your attention is drawn to the letter from the Independent Board Committee and the letter from Vinco Capital as set out in this Composite Document containing their advice and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

SUSPENSION OF TRADING

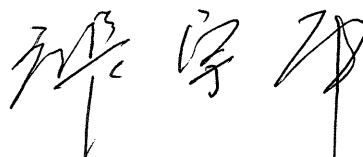
Trading in the Shares has been suspended at the request of the Company since 22 March 2007 and will remain in suspension until further notice. The Company has submitted the Resumption Proposal which is being reviewed by the Stock Exchange. Further announcement(s) in respect of the Resumption Proposal will be published as and when appropriate.

Shareholders and potential investors of the Company shall note that the Resumption Proposal may or may not be approved by the Stock Exchange. Trading in the Shares may remain suspended after the close of the Offer. Shareholders who are in doubt as to: (i) any aspect of the Offer, its implications or action to be taken, or (ii) their rights and obligations under the laws of the Cayman Islands, should consult a solicitor or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully the Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the acceptance and procedures of the Offer.

By Order of the Board
Aurum Pacific (China) Group Limited



Cheung Yu Ping
Chairman