

# AURUM PACIFIC (CHINA) GROUP LIMITED

## 奧栢中國集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8148)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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

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

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

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*This announcement, for which the directors (the “Directors”) of Aurum Pacific (China) Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## **GROUP FINANCIAL HIGHLIGHTS**

For the year ended 31 December 2010:

- The turnover was approximately HK\$38,892,000 (2009: HK\$36,941,000);
- The profit attributable to owners of the Company was approximately HK\$119,000 (2009: HK\$11,870,000); and
- The Directors do not recommend the payment of a final dividend.

## RESULTS

The board of directors of the Company (the “Board”) hereby presents the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2010, together with the comparative figures of 2009, as follows:

### Consolidated Statement of Comprehensive Income

*For the year ended 31 December 2010*

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
<b>Continuing operations</b>			
Turnover	5	<b>38,892</b>	36,941
Cost of sales		<u><b>(32,614)</b></u>	<u>(30,407)</u>
Gross profit		<b>6,278</b>	6,534
Other revenue	6	<b>310</b>	1,777
Selling and distribution expenses		<b>(1,533)</b>	(1,414)
Administrative expenses		<u><b>(3,437)</b></u>	<u>(6,003)</u>
Profit from operations		<b>1,618</b>	894
Finance costs	8	<u><b>(924)</b></u>	<u>(699)</u>
Profit before income tax expense			
from continuing operations	8	<b>694</b>	195
Income tax expense	9	<u><b>(575)</b></u>	<u>(346)</u>
Profit/(loss) for the year from continuing operations		<b>119</b>	(151)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	10	<u><b>—</b></u>	<u>12,021</u>
<b>Profit for the year</b>		<b>119</b>	11,870
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations		<b>—</b>	—
Less: Reclassification adjustment for loss included in profit or loss	14	<u><b>—</b></u>	<u>3,641</u>
Other comprehensive income for the year		<u><b>—</b></u>	<u>3,641</u>
<b>Total comprehensive income for the year</b>		<u><b>119</b></u>	<u>15,511</u>

	<i>Notes</i>	<b>2010</b> <b><i>HK\$'000</i></b>	2009 <i>HK\$'000</i>
<b>Profit attributable to:</b>			
— Owners of the Company		<b>119</b>	11,870
— Non-controlling interests		<u>—</u>	<u>—</u>
		<b><u>119</u></b>	<u>11,870</u>
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>119</b>	15,511
— Non-controlling interests		<u>—</u>	<u>—</u>
		<b><u>119</u></b>	<u>15,511</u>
<b>Earnings per share from continuing and discontinued operations — basic</b>	<i>12</i>	<b><u>HK0.06 cents</u></b>	<u>HK5.94 cents</u>
<b>Earnings/(loss) per share from continuing operations — basic</b>	<i>12</i>	<b><u>HK0.06 cents</u></b>	<u>HK(0.08) cents</u>

**Consolidated Statement of Financial Position**  
*As at 31 December 2010*

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<u>198</u>	<u>273</u>
<b>Total non-current assets</b>		<u>198</u>	<u>273</u>
<b>Current assets</b>			
Inventories — finished goods for resale	13	101	—
Trade and other receivables		8,490	10,114
Cash and cash equivalents		3,225	1,018
<b>Total current assets</b>		<u>11,816</u>	<u>11,132</u>
<b>Current liabilities</b>			
Trade and other payables	15	6,625	3,429
Other borrowing — unsecured		5,602	—
Tax payable		160	493
<b>Total current liabilities</b>		<u>12,387</u>	<u>3,922</u>
<b>Net current (liabilities)/assets</b>		<u>(571)</u>	<u>7,210</u>
<b>Total assets less current liabilities</b>		<b>(373)</b>	<b>7,483</b>
<b>Non-current liabilities</b>			
Loans from a shareholder		<u>(1,078)</u>	<u>(7,658)</u>
<b>Net liabilities</b>		<u><b>(1,451)</b></u>	<u><b>(175)</b></u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		2,000	2,000
Reserves		<u>(3,451)</u>	<u>(2,175)</u>
<b>Equity attributable to owners of the Company</b>		<b>(1,451)</b>	<b>(175)</b>
<b>Non-controlling interests</b>		<u>—</u>	<u>—</u>
<b>Total equity</b>		<u><b>(1,451)</b></u>	<u><b>(175)</b></u>

**Consolidated Statement of Changes in Equity**  
*For the year ended 31 December 2010*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital surplus <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accu- mulated losses <i>HK\$'000</i>	Sub- total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Balance at 1 January 2009</b>	<b>2,000</b>	<b>30,224</b>	<b>2,310</b>	<b>15,090</b>	<b>2,927</b>	<b>(3,641)</b>	<b>(65,250)</b>	<b>(16,340)</b>	<b>1,476</b>	<b>(14,864)</b>
Profit for the year	—	—	—	—	—	—	11,870	11,870	—	11,870
Other comprehensive income	—	—	—	—	—	3,641	—	3,641	—	3,641
Total comprehensive income for the year	—	—	—	—	—	3,641	11,870	15,511	—	15,511
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(1,476)	(1,476)
Transfer of reserve upon disposal of subsidiaries	—	—	—	—	(2,927)	—	2,927	—	—	—
Capital contribution by a shareholder arising from changes in the terms of the interest-free loans	—	—	654	—	—	—	—	654	—	654
<b>Balance at 31 December 2009</b>	<b>2,000</b>	<b>30,224</b>	<b>2,964</b>	<b>15,090</b>	<b>—</b>	<b>—</b>	<b>(50,453)</b>	<b>(175)</b>	<b>—</b>	<b>(175)</b>
Profit for the year	—	—	—	—	—	—	119	119	—	119
Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	—	119	119	—	119
Capital contribution by a shareholder arising from changes in the terms of the interest-free loans	—	—	(1,395)	—	—	—	—	(1,395)	—	(1,395)
<b>Balance at 31 December 2010</b>	<b>2,000</b>	<b>30,224</b>	<b>1,569</b>	<b>15,090</b>	<b>—</b>	<b>—</b>	<b>(50,334)</b>	<b>(1,451)</b>	<b>—</b>	<b>(1,451)</b>

Notes:

## 1. ORGANISATION AND OPERATIONS

Aurum Pacific (China) Group Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. Its shares are listed (currently suspended) on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its head office and principal place of business is located at Unit 903, 9/F., Wings Building, 110–116 Queen’s Road Central, Central, Hong Kong.

The Group, comprising the Company and its subsidiaries, engages in trading of computer equipment and related accessories, and provision of custom-made solutions.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new/revised HKFRSs — effective 1 January 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements — Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these new/revised standards and interpretations has no significant impact on the Group’s consolidated financial statements.

### (b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>2&amp;3</sup>
Amendments to HKAS 32	Classification of Rights Issues <sup>1</sup>
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets <sup>4</sup>
HKFRS 9	Financial Instruments <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 February 2010

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's consolidated financial statements.

### **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

#### **(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

#### **(b) Basis of measurement and going concern assumption**

The consolidated financial statements have been prepared under the historical cost basis.

##### *(i) Going concern assumption*

At the end of reporting period, the Group had net current liabilities of HK\$571,000 and net liabilities of HK\$1,451,000. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The controlling shareholder has undertaken to offer continuing financial support to the Group by (a) providing a revolving loan facility to the extent of HK\$9 millions; and (b) not to recall the amount due to him until the Group is solvent, in order to maintain the Group as a going concern. At the end of the reporting period, the Group had utilised only HK\$2.05 million of the facility.

The directors are of the opinion that the remaining loan facility of HK\$6.95 million will provide the Group with sufficient working capital for its present requirements in the absence of unforeseen circumstances.

In addition, the management is actively seeking potential investors to inject new businesses and new funds into the Group. Accordingly, the consolidated financial statements have been prepared on a going concern basis.



(ii) *State of books and records maintained by certain subsidiaries*

The consolidated financial statements have been prepared based on the books and records maintained by the Company and its subsidiaries. However, after the reconstitution of the Board during the years ended 31 December 2007 and 2008, the Group no longer had access to certain of books and records of SJTU Sunway Information Technology Co. Ltd., SUNV (Beijing) Century Information Technology Co., Ltd., Beijing Guoxin Sunway IT Co, Ltd., Shanghai Sunway Century IT Co., Ltd. and Fujian Multi Language Translation Service Co., Ltd., the subsidiaries of the Company and Beijing Advanced Information Storage Technology Co., Ltd., an associate of the Company (collectively the “PRC Group”). The Board tried to obtain assistance from the former directors to locate the relevant information. However, the Board lost contact with the responsible former directors and were therefore unable to have access to the relevant information. As set out in Note 10, in March 2009, the Group disposed of the PRC Group which formed part of the Disposal Group and recorded a gain on disposal of the Disposal Group amounted to HK\$12,021,000 for the year ended 31 December 2009.

Because of the significance of the matter described above, the auditor has not been able to obtain sufficient appropriate evidence regarding the net liabilities of the Disposal Group as at 9 March 2009 and the gain on disposal of the Disposal Group of HK\$12,021,000 for the year ended 31 December 2009. Accordingly, the auditor did not express an opinion on the financial performance and cash flows of the Group for the year ended 31 December 2009.

**(c) Functional and presentational currency**

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

**4. AUDITOR’S OPINION**

The Auditor expressed an qualified opinion with an emphasis of matter paragraph for the year ended 31 December 2010 as follows:

**Basis for Qualified Opinion**

The Group disposed of its entire interest in the wholly owned subsidiary, Besto Investment Limited, and all the subsidiaries of Besto Investment Limited (the “Disposal Group”) on 9 March 2009. As explained in note 3(b)(ii) to the consolidated financial statements, due to the reconstitution of the Board during 2007 and 2008, the Group was not able to have access to certain books and records of the Disposal Group. In consequence we were unable to carry out audit procedures necessary to obtain assurance regarding the net liabilities of the Disposal Group as at 9 March 2009 and the gain on disposal of the Disposal Group of HK\$12,021,000 included in the consolidated financial statements for the year ended 31 December 2009. We have issued a disclaimer of opinion on the financial performance and cash flows of the Group for the year ended 31 December 2009. Our opinion on the current period’s consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period’s figures and the corresponding figures.

**Qualified Opinion**

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the Group’s profit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to note 3(b)(i) to the consolidated financial statements which indicates that at the end of reporting period, the Group had net current liabilities of HK\$571,000 and net liabilities of HK\$1,451,000. This situation, along with other matters as set forth in note 3(b)(i) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

## 5. TURNOVER

Turnover represents the revenue from sale of goods after allowances for goods returned and provision of custom-made solutions. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2010 HK\$'000	2009 HK\$'000
<b>Continuing Operations</b>		
Trading of computer equipment and accessories	38,332	36,803
Provision of custom-made solutions	516	138
Service income	44	—
	<u>38,892</u>	<u>36,941</u>

## 6. OTHER REVENUE

	2010 HK\$'000	2009 HK\$'000
Imputed interest income	295	335
Bank interest income	8	—
Waiver of loan from a former shareholder	—	1,170
Others	7	272
	<u>310</u>	<u>1,777</u>

## 7. SEGMENT REPORTING

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

The Group has two (2009: three) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

### Continuing operations

- Computer equipment and accessories — trading of computerised smart sockets and related accessories.
- Custom-made solutions — developing and implementing custom-made solutions which are specifically designed and developed for the specific needs and requirements of a particular customer.

## Discontinued operations

- Information localisation services — providing translation and information localisation services. This operation was disposed of in 2009.

### (a) Business Segment

	Continuing operations				Discontinued operations			
	Computer equipment and accessories		Custom-made solutions		Information localisation services		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	38,332	36,803	560	138	—	—	38,892	36,941
Reportable segment profit/(loss)	3,484	2,513	(430)	(235)	—	—	3,054	2,278
Depreciation	—	—	94	23	—	—	94	23
Income tax expense	575	346	—	—	—	—	575	346
Reportable segment assets	9,921	4,229	651	485	—	—	10,572	4,714
Additions to non-current assets	—	—	—	282	—	—	—	282
Reportable segment liabilities	(4,522)	(2,750)	(1,316)	(130)	—	—	(5,838)	(2,880)

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

	2010 HK\$'000	2009 HK\$'000
<b>Revenue</b>		
Revenue from external customers	<u>38,892</u>	<u>36,941</u>
<b>Profit before income tax expense and discontinued operations</b>		
Reportable segment profit	3,054	2,278
Segment loss from discontinued operations	—	—
Unallocated corporate expenses	<u>(2,360)</u>	<u>(2,083)</u>
Consolidated profit before income tax expense from continuing operations	<u>694</u>	<u>195</u>
<b>Assets</b>		
Reportable segment assets from continuing operations	10,572	4,714
Segment assets of discontinued operations	—	—
Unallocated corporate assets	<u>1,442</u>	<u>6,691</u>
Consolidated total assets	<u>12,014</u>	<u>11,405</u>
<b>Liabilities</b>		
Reportable segment liabilities from continuing operations	5,838	2,880
Segment liabilities of discontinued operations	—	—
Unallocated corporate liabilities	<u>7,627</u>	<u>8,700</u>
Consolidated total liabilities	<u>13,465</u>	<u>11,580</u>

(c) *Geographical information and major customers*

The Group's revenue from external customers is derived solely from its operations in Hong Kong, where all its non-current assets are located.

During the year, revenue from the Group's largest customer amounted to HK\$38,332,000 (2009: HK\$36,104,000), being 100% (2009: 98%) of the Group's total revenue from the computer equipment and accessories segment.

For the custom-made solutions segment, revenue from the Group's largest customer amounted to HK\$516,000 (2009: HK\$138,000), being 92.1% (2009: 100%) of the Group's total revenue from this segment.

**8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS**

Profit/(loss) before income tax expense from continuing operations is arrived at after charging:

**(a) Finance costs:**

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on other loan wholly repayable within five years	602	—
— Imputed interest on interest-free loans from a shareholder	322	682
— Imputed interest on interest-free loan from a former shareholder	—	17
	<u>924</u>	<u>699</u>

**(b) Staff costs (including directors' emoluments):**

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Salaries, wages and allowances	1,507	3,347
Contributions to pension schemes	21	84
	<u>1,528</u>	<u>3,431</u>

**(c) Other items:**

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Auditor's remuneration	420	420
Depreciation of property, plant and equipment	102	40
Impairment loss on other receivables	—	30
Write off of property, plant and equipment	—	86
	<u>—</u>	<u>86</u>

**9. INCOME TAX EXPENSE**

Income tax expense in the consolidated statement of comprehensive income represents provision for Hong Kong profits tax calculated at 16.5% on the estimated assessable profits for the years ended 31 December 2010 and 2009.

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Current tax — Hong Kong		
Provision for the year	<b>575</b>	415
Over provision in respect of prior years	<u>—</u>	<u>(69)</u>
	<b><u>575</u></b>	<u>346</u>

The income tax expense for the year can be reconciled to the profit/(loss) per the consolidated statement of comprehensive income from continuing operations as follows:

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Profit before income tax expense from continuing operations	<b><u>694</u></b>	<u>195</u>
Taxation calculated at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	<b>115</b>	32
Tax effect of expenses not deductible for taxation purposes	<b>369</b>	148
Tax effect of revenue not taxable for tax purposes	<b>(262)</b>	(179)
Tax effect on unused tax losses not recognised	<b>341</b>	413
Others	<b><u>12</u></b>	<u>(68)</u>
	<b><u>575</u></b>	<u>346</u>

#### 10. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

On 2 March 2009, the Company entered into a sale agreement to dispose of its entire equity interest of Besto Investment Limited, a wholly owned subsidiary, and its subsidiaries (collectively the “Disposal Group”). The Disposal Group engaged in the business of providing information localisation services and had been dormant for more than two years. The disposal was completed on 9 March 2009, the date on which the control of Besto Investment Limited passed to the acquirer.

The profit for the period from 1 January 2009 to the date of disposal from discontinued operations and cash flows were as follows:

	<i>HK\$'000</i>
Turnover	—
Cost of sales	—
Administrative expenses	—
Finance costs	<u>—</u>
	—
Add: Gain on disposal of the Disposal Group	<u>12,021</u>
	<b><u>12,021</u></b>
Cash outflows from:	
Operating activities	—
Investing activities	—
Financing activities	<u>—</u>
	<u>—</u>

The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in Note 14.

## 11. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2010 (2009: HK\$Nil).

## 12. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

#### (i) From continuing and discontinued operations

The calculation is based on the profit attributable to owners of the Company of HK\$119,000 (2009: HK\$11,870,000) and the number of ordinary shares of 200,000,000 (2009: 200,000,000) in issue during the year.

#### (ii) From continuing operations

The calculation is based on profit for the year from continuing operations of HK\$119,000 (2009: loss of HK\$151,000) and the number of ordinary shares of 200,000,000 (2009: 200,000,000) in issue during the year.

### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is not presented as there were no dilutive potential ordinary shares in issue during the years ended 31 December 2010 and 2009.

## 13. TRADE AND OTHER RECEIVABLES

	2010 HK\$'000	2009 HK\$'000
Trade debtors	8,266	4,223
Deposits and prepayments	224	5,891
	<u>8,490</u>	<u>10,114</u>

(a) The average credit period to the Group's trade debtors is 60 days.

(b) The ageing analysis of trade receivables is as follows:

	2010 HK\$'000	2009 HK\$'000
Within 30 days	4,818	4,223
31 to 60 days	2,274	—
61 to 90 days	1,174	—
	<u>8,266</u>	<u>4,223</u>

#### 14. DISPOSAL OF SUBSIDIARIES

As referred to Note 10, on 9 March 2009, the Group disposed of the Disposal Group, which was engaged in provision of information localisation services. The net liabilities of the Disposal Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Cash and cash equivalents	178
Deposits for acquisition of subsidiaries	12,710
Trade and other payables	(10,587)
Bank loan, unsecured	(15,960)
Other loan payables	(527)
	<u>(14,186)</u>
Release of exchange reserve	3,641
Loss attributable to minority interests	(1,476)
Gain on disposal ( <i>Note 10</i> )	12,021
	<u>—</u>
Consideration	<u>—</u>
Net cash outflow arising on disposal:	
Cash consideration	—
Cash and bank balances disposed of	(178)
	<u>(178)</u>

#### 15. TRADE AND OTHER PAYABLES

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade creditors	<b>4,503</b>	2,370
Other creditors and accrued charges	<b>1,150</b>	1,059
Amount due to a shareholder	<b>972</b>	—
	<u><b>6,625</b></u>	<u>3,429</u>

Trade and other payables are expected to be settled within one year. The ageing analysis of trade creditors as of the end of reporting period is as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current or less than 1 month	<b>4,128</b>	2,258
1 to 3 months	<b>375</b>	112
	<u><b>4,503</b></u>	<u>2,370</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Changes of Directorships

The changes of Directors during the financial year and up to the date of this announcement are:

#### *Executive Directors*

Mr. Cheung Yu Ping (*Chairman and Chief Executive Officer*)

Mr. Lee Ah Sang

Mr. Chan Chi Chiu, Henry (*Vice Chairman*) (resigned on 17 March 2010)

#### *Independent Non-Executive Directors*

Mr. Chan Wai Fat

Mr. Chi Chi Hung, Kenneth (appointed on 8 March 2010)

Mr. Chui Kwong Kau (appointed on 17 March 2010)

Mr. Jin Guangjun (resigned on 17 March 2010)

Mr. Law Kin Ho (resigned on 8 March 2010)

## BUSINESS REVIEW

During the year under review, the Group is principally engaged in two business segments, trading of computer equipment and accessories and provision of custom-made solutions. Trading business covers the trading of computerised smart sockets and related accessories while the provision of custom-made solutions comprises the developing and implementing custom-made solutions which are specifically designed and developed for the specific needs and requirements to the particular customers on intranet security. For the year ended 31 December 2010, the trading business and the custom-made solutions business contributed turnover of approximately HK\$38,332,000 and HK\$560,000 respectively.

Profit attributable to owners of the Company narrowed down to HK\$119,000 as compared with that of HK\$11,870,000 in year 2009. This was mainly due to the Group completed the disposal of the information localisation business segment last year and recorded the one-off gain of approximately HK\$12,021,000. After the disposal of this adverse business, the resources were better allocated to the existing business segments and the Group's performance had been improved.



## **FINANCIAL REVIEW**

### **Overall Review**

In the financial year 2010, the Group recorded a turnover of approximately HK\$38,892,000, with a slightly increase of 5.3% as compared with approximately HK\$36,941,000 in year 2009. The turnover was mainly contributed by the trading business. The gross profit of the Group decreased by 3.9% to approximately HK\$6,278,000 from approximately HK\$6,534,000 last year. The Group recorded a profit after tax of HK\$119,000 in current year from the continuing operations as compared with a loss after tax of HK\$151,000 in year 2009. The improvement from continuing operations was mainly due to the better cost control in administrative expenses as well as the increase in turnover.

### **PROSPECT**

The Board is actively in the progress of preparing the proposal for resumption of the trading of the shares of the Company. Going forward, the Board will explore new investment opportunities to diversify its portfolio and to provide sufficient cash flow to the Group. Meanwhile, the Group will continue to expand in customers range and products range as well as cost control initiatives in order to enhance the efficiency and effectiveness of the Group's capital as a whole.

### **Financial Resource and Liquidity**

At 31 December 2010, the Group had cash and bank balances of approximately HK\$3,225,000 (2009: HK\$1,018,000), and loans from the controlling shareholder with a carrying amount of HK\$1,078,000 (2009: HK\$7,658,000), which are unsecured, interest free and not repayable before 31 August 2013. In addition, the Group obtained a loan with principal amount of HK\$5,000,000 (2009: HK\$Nil) from an independent third party during the year. The loan is unsecured, bearing interest rate at 3% over the Hong Kong prime rate per annum plus an arrangement fee. The average effective interest rate for the year after taking into account of the arrangement fee is approximately 18%. The loan is repayable within one year. All the cash and bank balances and the borrowings are denominated in Hong Kong dollars.

### **Gearing Ratio**

As at 31 December 2010, total assets of the Group were approximately HK\$12,014,000, (2009: HK\$11,405,000) whereas the total liabilities were approximately HK\$13,465,000 (2009: HK\$11,580,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 112.1% (2009: 101.5%) and the current ratio, calculated as current assets over current liabilities, was 1.0 (2009: 2.8). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

### **Foreign Exchange Exposure**

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

## **Material Acquisition, Disposal and Significant Investment of the Group**

During the year, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with the independent third parties in relation to an acquisition of a company engaging in the business of system integration providing e-medical solutions and corporate performance management solutions. The acquisition is not completed as at the date of the reporting period. Save as disclosed above, the Group did not have any material acquisition, disposal and significant investment.

## **Pledge of Assets and Contingent Liabilities**

As at 31 December 2010, the Group did not have any substantial pledge of assets and contingent liabilities.

## **EMPLOYEE INFORMATION AND REMUNERATION POLICY**

As at 31 December 2010, the Group employed 8 staff (2009: 10). The staff costs (including directors' remuneration) was approximately HK\$1,528,000 for the year under review (2009: HK\$3,431,000). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee.

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

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2010, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### **(i) Long positions in the shares of the Company**

<b>Name of Directors</b>	<b>Nature of Interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding</b>
Cheung Yu Ping	Interest of a controlled corporation (Note 1)	142,651,965	71.33%

**(ii) Long positions in the shares of associated**

<b>Name of Directors</b>	<b>Name of associated Corporation</b>	<b>Nature of Interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding</b>
Cheung Yu Ping	Hong Sheng Group Limited ("Hong Sheng")	Interest of a controlled corporation ( <i>Note 1</i> )	510	51%

*Note:*

1. The interest in the Shares of Cheung Yu Ping is held through Hong Sheng, the entire issued share capital of which is beneficially and ultimately owned as to 51% by Cheung Yu Ping and as to 49% by Cai Dongmei. By virtue of the SFO, Cheung Yu Ping is deemed to be interested in the shares held by Hong Sheng.

**SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTEREST**

**Substantial Shareholders**

To the best knowledge of the Directors, as at 31 December 2010, the following persons, other than the Directors or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were expected to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares (<i>Note 1</i>)</b>	<b>Approximate percentage of shareholding</b>
Hong Sheng	Beneficial owner ( <i>Note 2</i> )	142,651,965 (L)	71.33%
Cai Dongmei	Interest of a controlled corporation ( <i>Note 2</i> )	142,651,965 (L)	71.33%
Simplex Technology Investment (Hong Kong) Co. Limited ("Simplex")	Beneficial owner ( <i>Note 3</i> )	16,896,363 (L)	8.45%
Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial Group")	Interest of a controlled corporation ( <i>Note 3</i> )	16,896,363 (L)	8.45%
Shanghai Jiao Tong University	Interest of a controlled corporation ( <i>Note 3</i> )	16,896,363 (L)	8.45%

Name	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Kingston Finance Limited (“Kingston”)	Person having a security interest (Note 4, 5 & 6)	142,651,965 (L)	71.33%
Ample Cheer Limited (“Ample Cheer”)	Interest of a controlled corporation (Note 6)	142,651,965 (L)	71.33%
Best Forth Limited (“Best Forth”)	Interest of a controlled corporation (Note 6)	142,651,965 (L)	71.33%
Chu Yuet Wah	Interest of a controlled corporation (Note 6)	142,651,965 (L)	71.33%

*Notes:*

1. The letter “L” denotes the entity’s interests in the Shares.
2. The interest in the Shares of Cai Dongmei is held through Hong Sheng, the entire issued share capital of which is beneficially and ultimately owned as to 51% by Cheung Yu Ping and as to 49% by Cai Dongmei. By virtue of the SFO, Cai Dongmei is deemed to be interested in Shares held by Hong Sheng.
3. The interest in the Shares is held through Simplex, the entire issued share capital of which is beneficially owned by Jiaoda Industrial Group. The registered capital of Jiaoda Industrial Group is owned as to 96.735% by Shanghai Jiao Tong University and 3.265% by Shanghai Jiaoda Enterprise Management Centre (上海交大企業管理中心), an entity wholly owned by Shanghai Jiao Tong University.
4. The entire Shares held by Hong Sheng is charged with Kingston.
5. Kingston has a security interest in the entire Shares held by Hong Sheng as mentioned in Note 4 above.
6. The interest in the Shares is held through Kingston, the entire issued share capital of which is owned by Ample Cheer. The registered capital of Ample Cheer is owned as to 80% by Best Forth, an entity which is beneficially and wholly owned by Chu Yuet Wah. Accordingly, Chu Yuet Wah is deemed to be interested in the Shares in which Kingston is deemed to be interested as mentioned in Note 5 above.

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2010.

## SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) which was adopted on 25 November 2003 whereby the Directors of the Company may at their discretion invite any employees, directors, suppliers, customers, advisers, consultants, joint venture partners, and any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any member of the Group or any invested entities, to take up options to subscribe for Shares. The Scheme became effective upon the listing of the Company’s shares on the GEM of the Stock Exchange on 9 January 2004. Pursuant to the Scheme, the Company had granted options at the exercise price of HK\$0.45 per share and HK\$0.14 per share on 17 January 2005 and 10 October 2005 respectively, all the options granted had been lapsed in the past years. As at 31 December 2010, the Company had no outstanding options.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No contract of significance to which the Company, any of its subsidiaries or fellow subsidiaries was a party, in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

## **PRE-EMPTIVE RIGHTS**

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

## **COMPETING INTERESTS**

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

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles and complied with the code provisions, and where applicable, the recommended best practices of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2010 except for the deviations from code provisions A.2.1 and A.4.1 which are explained below.

### **Code provision A.2.1**

Mr. Cheung Yu Ping is the Chairman and the Chief Executive Officer of the Company. Pursuant to A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board considers that vesting the roles of both chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

### **Code provision A.4.1**

Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The existing independent non-executive directors were not appointed for a specific term as required under code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's Article of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

## **AUDIT COMMITTEE**

The Company has established audit committee with written terms of reference. The primary duties of the audit committee are to review, in draft form, the Company's annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau. Mr. Chi Chi Hung, Kenneth is the chairman of the audit committee.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed with the Board the internal controls and financial reporting matters, including a review of the annual report for the year ended 31 December 2010.

## **INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

On behalf of the Board  
**Aurum Pacific (China) Group Limited**  
**Cheung Yu Ping**  
*Chairman*

Hong Kong, 22 March 2011

*As at the date of this announcement, the Board comprises two executive directors, who are Mr. Cheung Yu Ping and Mr. Lee Ah Sang, and three independent non-executive directors, who are Mr. Chan Wai Fat, Mr. Chi Chi Hung, Kenneth and Mr. Chui Kwong Kau.*

*This announcement will remain on the page of "Latest Company Announcements" on the GEM website for at least 7 days from the date of its posting and the website of the Company at [www.aurumpacific.com.hk](http://www.aurumpacific.com.hk).*