

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

**If you have sold or transferred** all your shares in Aurum Pacific (China) Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

**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)**

**(1) STATUS ON RESUMPTION;  
(2) SHARE CONSOLIDATION;  
(3) OPEN OFFER ON THE BASIS OF  
FOUR OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE  
HELD ON THE RECORD DATE; AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Underwriter**



**KINGSTON SECURITIES LTD.**

**Financial Adviser to the Company**

**VEDA | CAPITAL**

**智 略 資 本**

**Independent financial adviser**

**to the Independent Board Committee and Independent Shareholders**

**VINC**

**Grand Vinco Capital Limited**

*(A wholly-owned subsidiary of Vinco Financial Group Limited)*

Terms used in this cover page have the same meanings as defined in this circular. A notice convening the EGM to be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong at 11:00 a.m. on 21 January 2013 is set out on pages 64 to 66 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish. In such event, the instrument appointing a proxy shall be deemed revoked.

**The Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer". In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see section headed "Termination of the Underwriting Agreement" herein) on or before the Latest Time for Termination. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Existing Shares or Consolidated Shares up to the date when the conditions of the Open Offer are fulfilled.**

Trading in the Shares has been suspended since 22 March 2007. Shareholders should note that completion of the Open Offer will not take place if the conditions to the Underwriting Agreement remain unfulfilled. Any Shareholders or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:00 p.m. on Wednesday, 27 February 2013), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its professional advisor.

4 January 2013

## **CHARACTERISTICS OF THE GEM**

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

## CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Expected Timetable</b> .....	6
<b>Letter from the Board</b> .....	8
<b>Letter from the Independent Board Committee</b> .....	23
<b>Letter from Vinco Capital</b> .....	24
<b>Appendix I — Financial information of the Group</b> .....	39
<b>Appendix II — Unaudited pro forma financial information of the Group</b> .....	42
<b>Appendix III — Unaudited pro forma net tangible assets of the Group</b> .....	47
<b>Appendix IV — General information</b> .....	51
<b>Notice of EGM</b> .....	64

## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“Acquisition”	the acquisition of the entire issued share capital of KanHan Technologies Limited by the Group, completion of which has taken place on 31 December 2012
“Acquisition Circular”	the circular of the Company dated 10 December 2012 in relation to, among others, the Acquisition
“Announcement”	the announcement of the Company dated 21 December 2012 (and as clarified in the announcement dated 24 December 2012) in relation to, among others, the status of Resumption Proposal, the Share Consolidation, change in board lot size and the Open Offer
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for business other than a Saturday, Sunday, public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System, established and operated by HKSCC
“Company”	Aurum Pacific (China) Group Limited (stock code: 8148), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consolidated Share(s)”	the consolidated ordinary share(s) of HK\$0.02 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company for the time being

## DEFINITIONS

“EGM”	the extraordinary general meeting of the Company for approving, inter alia, the Share Consolidation and the Open Offer and the transactions contemplated thereunder
“Excluded Shareholder(s)”	those Overseas Shareholder(s) to whom the Company (having obtained relevant and necessary legal opinions) considers it necessary or expedient not to offer the Offer Shares on account of the laws of the relevant place of the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	the existing ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company before the Share Consolidation becoming effective
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	the Shareholder(s), other than the controlling Shareholder, being the Investor, and its associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Investor”	Prime Precision Holdings Limited, a company incorporated in the BVI and is wholly owned by Mr. Lau, an executive Director and chairman of the Company
“Investor’s Undertaking”	the undertaking given by the Investor under the Underwriting Agreement to take up in full its entitlements under the Open Offer to subscribe for 285,986,960 Offer Shares
“Last Acceptance Date”	Wednesday, 20 February 2013, being the last day for acceptance for the Offer Shares or such other day may be agreed between the Company and the Underwriter

<b>DEFINITIONS</b>
--------------------

“Last Trading Day”	21 March 2007, the last day on which the Shares were traded on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Practicable Date”	2 January 2013, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Latest Time for Termination”	latest time for terminating the Underwriting Agreement at 4:00 p.m. on Monday, 25 February 2013, being the third Business Day after the latest time for acceptance for the Offer Shares or such other time as may be agreed between the Company and the Underwriter
“Listing Committee”	the Listing Committee of the Stock Exchange
“Mr. Lau”	Mr. Lau Man Tak, an executive Director and the chairman of the Board
“Offer Price”	HK\$0.15 per Offer Share
“Offer Share(s)”	400,000,000 Consolidated Shares, to be allotted and issued under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Offer Price on the basis of four (4) Offer Shares for every (1) Consolidated Share held on the Record Date
“Open Offer Documents”	the Prospectus and the Application Form
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown in the register of member of the Company on the Record Date) which are outside Hong Kong
“Prospectus”	the document containing details of, among others, the Shares Consolidation and Open Offer to be despatched to the Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Thursday, 31 January 2013, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Open Offer
“Registrar”	Tricor Tengis Limited, the Company’s branch share registrar in Hong Kong

## DEFINITIONS

“Resumption”	the resumption of trading in the Shares on GEM
“Resumption Conditions”	the conditions for the Resumption as set out in the letter dated 21 December 2012 from the Stock Exchange to the Company, which had been set out in the same order in the Announcement and under the section headed “STATUS ON RESUMPTION” of this circular
“Resumption Proposal”	the proposal compiled by the financial adviser on behalf of the Company dated 16 December 2011 and the subsequent related submissions to the Stock Exchange for the purpose of seeking approval from the Stock Exchange on the Resumption
“SFO”	Securities and Futures Ordinance, Cap 571 of Laws of Hong Kong
“Share(s)”	Existing Share(s) or Consolidated Share(s), as the case maybe
“Share Consolidation”	the proposed consolidation of every two (2) issued and unissued Shares of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of HK\$0.02 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriter” or “Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 21 December 2012 in relation to the Open Offer entered into between the Company and the Underwriter
“Underwritten Shares”	all the Offer Shares other than those Offer Shares to be taken up by the Investor under the Investor’s Undertaking, being a maximum of 114,013,040 Offer Shares

## DEFINITIONS

“Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (Stock Code: 8340), a licensed corporation to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer
“Working Capital Loan”	the loan facility agreement dated 11 April 2012 and side letters dated 26 June 2012 and 15 November 2012 in relation to an unsecured loan facility granted by the Investor to the Company up to an aggregate principal amount of not exceeding HK\$40,000,000 as the working capital of the Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



## EXPECTED TIMETABLE

*The expected timetable for the Share Consolidation and the Open Offer is set out below:*

**2013**

Latest time and date for lodging transfer of Existing Shares in order to qualify for attending EGM . . . . .	4:30 p.m. Friday, 18 January
Latest time and date for return of proxy form of EGM (not less than 48 hours prior to time of EGM) . . . . .	11:00 a.m. Saturday, 19 January
Time and date of EGM . . . . .	11:00 a.m. Monday, 21 January
Announcement of results of EGM . . . . .	Monday, 21 January
Effective date of Share Consolidation and change in board lot size . . . . .	Tuesday, 22 January
First day for free exchange of Existing Share certificates for Consolidated Share certificates . . . . .	Tuesday, 22 January
Last day of cum-entitlements of the Open Offer . . . . .	Tuesday, 22 January
First day of ex-entitlements of the Open Offer . . . . .	Wednesday, 23 January
Latest time for lodging transfers of Consolidated Shares in order to qualify for Open Offer . . . . .	4:30 p.m. Thursday, 24 January
Register of members closes (both dates inclusive) . . . . .	Friday, 25 January to Thursday, 31 January
Record Date for Open Offer . . . . .	Thursday, 31 January
Despatch of Open Offer Documents . . . . .	Friday, 1 February
Latest time and date for acceptance and payment for the Offer Shares . . . . .	4:00 p.m. Wednesday, 20 February
Last day for free exchange of Existing Share certificates for Consolidated Share certificates . . . . .	Wednesday, 20 February
Latest time and date for termination of the Underwriting Agreement . . . . .	4:00 p.m. Monday, 25 February

<b>EXPECTED TIMETABLE</b>
---------------------------

**2013**

Announcement of the results of the Open Offer . . . . .	Tuesday, 26 February
Certificates for the Offer Shares expected to be despatched on or before . . . . .	Wednesday, 27 February
Despatch of refund cheques if the Open Offer is terminated . . . . .	Wednesday, 27 February
Resumption of trading and first day of dealings in Consolidated Shares including the Offer Shares on the Stock Exchange . . . . .	Thursday, 28 February
Matching of odd lots of the Shares commences . . . . .	Thursday, 28 February
Matching of odd lots of the Shares ends . . . . .	Friday, 22 March

*Notes:* All times and dates in this circular refer to Hong Kong times and dates.

Dates or deadlines specified in this circular are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR OFFER SHARES**

The latest time for acceptance of and payment of Offer Shares will not take place if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date, the latest time for acceptance of and payment for the Offer Shares will not take place at 4:00 p.m. on the Last Acceptance Date, but will be extended to 5:00 p.m. on the same day instead;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date, the latest time for acceptance of and payment for the Offer Shares will not take place on the Last Acceptance Date, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Offer Shares does not take place on the Last Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this circular may be affected. An announcement will be made by the Company in such event.

**LETTER FROM THE BOARD**

**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)**

*Executive Director*

Mr. Lau Man Tak (*Chairman*)

Mr. Mo Wai Ming, Lawrence

*Independent non-executive Directors*

Mr. Chi Chi Hung, Kenneth

Mr. Chan Wai Fat

Mr. Chui Kwong Kau

*Registered office*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal place of business  
in Hong Kong*

22/F, Hua Fu Commercial Building

111 Queen's Road West

Hong Kong

4 January 2013

*To the Shareholders*

Dear Sir or Madam,

**(1) STATUS ON RESUMPTION;  
(2) SHARE CONSOLIDATION; AND  
(3) OPEN OFFER ON THE BASIS OF  
FOUR OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE  
HELD ON THE RECORD DATE**

**INTRODUCTION**

With reference to the Announcement, the Board announced that the Stock Exchange decided to allow the Company to proceed with the Resumption Proposal subject to the Resumption Conditions to be fulfilled by 31 March 2013. The Board also proposed (i) Share Consolidation of every two issued and unissued Shares of HK\$0.01 each into one Consolidated Share of HK\$0.02 each; (ii) change of board lot size from 10,000 Existing Shares to 20,000 Consolidated Shares; and (iii) subject to the Share Consolidation becoming effective, Open Offer of 400,000,000 Consolidated Shares at the Offer Price of HK\$0.15 per Offer Share on the basis of four (4) Offer Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date and raise approximately HK\$60 million (before expenses).

## LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, further information in respect of (i) the status on Resumption; (ii) the Share Consolidation and change of board lot size; (iii) the Open Offer; (iv) a letter from the independent Board Committee to the Independent Shares in relation to the Open Offer; (v) a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer; and (vi) a notice to convene the EGM.

### STATUS ON RESUMPTION

The Board is pleased to announce that the Stock Exchange decided to allow the Company to proceed with the Resumption Proposal subject to the Resumption Conditions to be fulfilled by 31 March 2013:

1. Completion of transactions contemplated under the Resumption Proposal (including the Acquisition, the Share Consolidation, change in board lot size and the Open Offer);

As at the Latest Practicable Date, completion of the Acquisition has been taken place on 31 December 2012.

2. Inclusion in the circular:

- (a) a pro forma balance sheet upon completion of the Open Offer and a comfort letter from the auditors under Rule 7.31 of the GEM Listing Rules; and

The unaudited pro forma balance sheet of the Group upon completion of the Open Offer has been set out in appendix II in this circular.

- (b) a statement from the Directors (including the proposed Directors) confirming working capital sufficiency for at least 12 months after Resumption, and a comfort letter from the auditors and financial adviser of the Company on the Directors' statement; and

The working capital sufficiency statement has been set out in appendix I in this circular. The comfort letters from the auditors and financial adviser of the Company have been submitted to the Stock Exchange prior to the despatch of this circular.

3. Provision of a confirmation from an independent professional adviser that the Group has adequate financial reporting system and internal control procedures.

The Company shall submit to the Stock Exchange as soon as practicable.

The Stock Exchange may modify the Resumption Conditions if the Company's situation changes.

As set out above, as at the Latest Practicable Date and upon despatch of this circular, Resumption Conditions (2)(a) and (2)(b) have been fulfilled.

## LETTER FROM THE BOARD

### SHARE CONSOLIDATION

The Board proposed to implement the Share Consolidation of every two (2) issued and unissued Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.02 each. As at the Latest Practicable Date, the Company has 200,000,000 Existing Shares in issue. Assuming that no further Shares will be issued or repurchased from the Latest Practicable Date to the date of the EGM, the Company shall have 100,000,000 Consolidated Shares in issue which are fully paid or credited as fully paid following the Share Consolidation but before completion of the Open Offer.

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible or exchangeable securities.

Full and complete implementation of the Share Consolidation would not, by itself, alter in whatsoever and howsoever way the underlying assets, liabilities, businesses, management or financial position of the Company and the Group or the rights of the Shareholders except for incurring the liability for payment of the professional fees and printing costs and the related expenses.

#### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

#### **Conditions of the Share Consolidation**

The Share Consolidation will be conditional upon:

- (a) the passing of the necessary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (c) the compliance with the relevant procedures and requirements under the Cayman Islands law and the GEM Listing Rules to effect the Share Consolidation.

## **LETTER FROM THE BOARD**

The Share Consolidation will become effective on the next Business Day immediately following fulfillment of the above conditions. The expected effective date of the Share Consolidation is Tuesday, 22 January 2013.

### **Reasons for the Share Consolidation**

The Share Consolidation will increase the nominal value of the Shares, and is expected to bring about a corresponding increase in the trading price of the Consolidated Shares. The Share Consolidation will also reduce the total number of Shares currently in issue. As such, the transaction and handling costs of the Company in relation to the dealings in the Consolidated Shares are expected to be reduced, which will be beneficial to the Company. Accordingly, the Board is of the view that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

### **Status of the Consolidated Shares**

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefits of the Company. Fractional Consolidated Shares will arise when taken into account of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder. In other words, shareholders who held an odd number of Existing Shares will result in fractional Consolidated Shares upon Share Consolidation becoming effective (on the basis of two (2) Existing Shares for one (1) Consolidated Share).

Other than the expenses incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

### **Odd lot arrangement**

In order to facilitate the trading of odd lots of the Consolidated Shares (if any) as a result of the Share Consolidation and the change of board lot size, the Company has appointed Kingston Securities as an agent to match, on a best effort basis, the sale and purchase of odd lots of the Consolidated Shares (if any) arising from the Share Consolidation and change of board lot size from Thursday, 28 February 2013 up to and including Friday, 22 March 2013 (both days inclusive). Such arrangement is to facilitate the Shareholders who wish to dispose of or top up their odd lots of Consolidated Shares. Shareholders who wish to take advantage of this facility should contact Ms. Rosita Kiu at telephone number (852) 2298-6215 or by fax at (852) 2295-0682 during the period. Shareholders should note that the matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed.

## LETTER FROM THE BOARD

Shareholders are recommended to consult their licensed securities dealers, bank managers, solicitors, professional accountants or other professional advisers if they are in any doubt about the facility described above.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Tuesday, 22 January 2013 until Wednesday, 20 February 2013 (both days inclusive), submit existing share certificates for the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares (on the basis of two (2) Shares for one (1) Consolidated Share). Thereafter, share certificates for the Shares will remain effective as documents of title but will be accepted for exchange only at any time on payment of a fee of HK\$2.50 (or such other amount as may from time to time specified by the Stock Exchange) by the Shareholders for each certificate issued or cancelled, whichever the number of certificates cancelled/issued is higher. Existing share certificates for the Existing Shares will cease to be accepted for delivery, trading and settlement purpose(s) after Wednesday, 20 February 2013.

The new Consolidated Share certificates will be issued in yellow colour in order to distinguish them from the Existing Share certificates which are in pink colour.

### **Change of board lot size**

As at the Latest Practicable Date, the Shares are traded in board lots of 10,000 Existing Shares. It is proposed that the Consolidated Shares will be changed to be traded in board lots of 20,000 Consolidated Shares upon the Share Consolidation becoming effective.

### **(3) PROPOSED OPEN OFFER**

Basis of the Open Offer:	Four (4) Offer Shares for every (1) Consolidated Share held on the Record Date
Offer price:	HK\$0.15 per Offer Share
Number of Shares in issue:	200,000,000 Shares (equivalent to 100,000,000 Consolidated Shares immediately after the Share Consolidation becoming effective)
Number of Offer Shares:	400,000,000 Consolidated Shares
Gross proceeds:	HK\$60,000,000
Investor's Undertaking:	the Investor has undertaken to take up in full its entitlements under the Open Offer to subscribe for 285,986,960 Offer Shares pursuant to the Undertaking
Underwriter:	Kingston Securities Limited

## LETTER FROM THE BOARD

Number of Offer Shares underwritten 114,013,040 Offer Shares  
by the Underwriter:

Number of Consolidated Shares in 500,000,000 Consolidated Shares  
issue upon completion of the Open  
Offer:

Total number of Offer Shares of 400,000,000 Consolidated Shares represents (i) 400% of the issued share capital of the Company as at the Latest Practicable Date (assuming the Share Consolidation becoming effective); and (ii) 80% of the issued share capital of the Company upon completion of Share Consolidation and as enlarged by the Offer Shares.

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible or exchangeable securities.

The expected commence date on the dealings of the Consolidated Shares is on 28 February 2013.

### **Investor's Undertaking**

The Investor has undertaken to take up in full its entitlements under the Open Offer to subscribe for 285,986,960 Offer Shares.

### **The Offer Price**

The Offer price for the Offer Shares is HK\$0.15 per Offer Share payable in cash and in full upon application by a Qualifying Shareholder. The Offer price of HK\$0.15 per Offer Share represents:

- (a) a discount of approximately 75.81% to the closing price of HK\$0.62 per Consolidated Share (assuming the Share Consolidation has become effective) on the Last Trading Day;
- (b) a discount of approximately 80.67% to the average closing prices of the Shares for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.776 per Consolidated Share (assuming the Share Consolidation has become effective); and
- (c) a discount of approximately 38.52% to the theoretical ex-entitlement price of approximately HK\$0.244 per Consolidated Share (assuming the Share Consolidation has become effective) for the Last Trading Day.

Trading of the Shares had been suspended for more than five years since 22 March 2007 and with the tight financial position and net liability position that the Company is facing, the Company has, upon arm's length negotiation, agreed with the Underwriter that the Offer Price should represent a substantial discount to the closing price before the suspension so as to incentivize the Qualifying Shareholders to take up their entitlements under the Open Offer. Each Qualifying Shareholder is entitled to subscribe for the Offer



## LETTER FROM THE BOARD

Shares at the same price in proportion to his/her/its shareholding in the Company as at the Record Date. The Directors, except the independent non-executive Directors who will form their views after consulting the independent financial adviser appointed by the independent board committee of the Company, consider the Offer Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price to be raised upon completion of the Open Offer will be approximately HK\$0.142 per Offer Share.

### **Status of the Offer Shares**

The Offer Shares when allotted and issued, will rank *pari passu* in all respects with the then existing Consolidated Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Upon Share Consolidation becoming effective and completion of the Open Offer, the Offer Shares shall be traded as the same as the Consolidated Shares, being in board lots of 20,000.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send the Open Offer Documents to the Qualifying Shareholders and will send the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the posting date of the Open Offer Documents. The Excluded Shareholders, if any, will be entitled to vote at the EGM to consider, among others, the Open Offer.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date, and not being an Excluded Shareholder. In order to be registered members of the Company on the Record Date, Shareholders must lodge any transfer of Shares (together with the relevant share certificate(s)) with the Registrar by 4:30 p.m. (Hong Kong time) on Thursday, 24 January 2013.

The Open Offer Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will ascertain whether there are any Overseas Shareholders on the Record Date. In determining whether there will be Excluded Shareholders, the Company will make enquiry regarding the legal restrictions, if any, under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relationship to the Company's offering of the Offer Shares to the Overseas Shareholders in compliance with the GEM Listing Rules. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, the

## LETTER FROM THE BOARD

Open Offer will not be available to such Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Open Offer Documents.

### **Closure of Register of Members**

The register of members of the Company is expected to be closed from Friday, 25 January 2013 to Thursday, 31 January 2013, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

### **No excess application for the Offer Shares**

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

### **Fractions of Offer Shares**

Fractional entitlements to the Offer Shares will not be allotted and will not be issued. The Offer Shares representing such fractional entitlements and entitlements of the Excluded Shareholders will be aggregated and retained for the benefit of the Company.

### **Certificates of the fully-paid Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed “Conditions of the Open Offer” below, share certificates for the fully paid Offer Shares are expected to be posted on or before Wednesday, 27 February 2013 to those Qualifying Shareholders who have accepted and paid for the Offer Shares by ordinary post at his/her/its own risk.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Offer Shares. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealings in the Offer Shares may be settled through CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangements will affect their rights and interests.

Dealings in the Offer Shares will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

## LETTER FROM THE BOARD

### UNDERWRITING AGREEMENT

Date:	21 December 2012
Underwriter:	Kingston Securities Limited
Number of Offer Shares underwritten:	114,013,040 Offer Shares
Underwriting commission:	2.5% on 114,013,040 Offer Shares underwritten
Investor's Undertaking:	the Investor has undertaken to take up in full its entitlements under the Open Offer to subscribe for 285,986,960 Offer Shares pursuant to the Underwriting Agreement and the Undertaking

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. As at the Latest Practicable Date, the Underwriter is not interested in any Shares.

Pursuant to the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter, save for the entitlements falls under the Investor's Undertaking, of 114,013,040 Offer Shares. Pursuant to the Underwriting Agreement, the Underwriter will place down any Offer Shares under the Open Offer to Independent Shareholders so that neither the Underwriter nor any of the placees of the Open Offer will hold 10% or more shareholding in the Company upon completion of the Open Offer.

### Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to the Latest Time for Termination if there occurs:

- (a) in the sole and absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of

## LETTER FROM THE BOARD

hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Open Offer Documents or other announcements or circulars in connection with the Open Offer.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right againsts or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

## LETTER FROM THE BOARD

### Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Open Offer Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the posting date of the Open Offer Documents;
- (b) the passing by the Independent Shareholders by way of poll at the EGM of an ordinary resolution to approve the Open Offer;
- (c) the posting of the Open Offer Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only, explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the posting date of the Open Offer Documents;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listings of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (e) the Stock Exchange has granted its approval-in-principle (subject to any conditions as may be imposed by the Stock Exchange) for the Resumption;
- (f) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms on or before the Latest Time for Termination;
- (g) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (h) compliance with and performance of all undertakings and obligations of the Investor and its sole shareholder under the Investor's Undertaking;
- (i) the completion of the Acquisition in such manner as the Company and the Underwriter may agree; and
- (j) the Share Consolidation becoming effective.

All the above conditions are not waivable. If any of the conditions of the Open Offer is not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none

## LETTER FROM THE BOARD

of the parties shall, save in respect of any right or liability accrued before such termination, have any right againsts or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

As at the Latest Practicable Date, conditions (e) and (i) have been fulfilled.

### REASONS FOR THE OPEN OFFER

The Board considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Group should they wish to do so.

Based on the closing price of HK\$0.31 per Share (or HK\$0.62 per Consolidated Share assuming the Share Consolidation has become effective) as quoted on the Stock Exchange on the Last Trading Day, the theoretical ex-entitlement price per Share after the Open Offer is approximately HK\$0.244, representing a discount of approximately 60.65% to the closing price of HK\$0.31 per Share (or HK\$0.62 per Consolidated Share assuming the Share Consolidation has become effective).

The Directors (including the proposed Directors) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole having taken into account the terms of the Open Offer.

### THE USE OF PROCEEDS

The gross proceeds of the Open Offer is HK\$60 million. After payment of the fees for Acquisition and Open Offer of approximately HK\$2.5 million and HK\$3.9 million respectively (of which HK\$3 million has been and will be settled using the Working Capital Loan), the net proceeds from the Open Offer of approximately HK\$56.6 million will be applied as follows:

- (a) approximately HK\$24 million for the settlement of the balance of the consideration of the Acquisition;
- (b) approximately HK\$13.7 million for the repayment of other borrowings of approximately HK\$6.7 million and the Working Capital Loan of approximately HK\$7 million (As at the Latest Practicable Date, the Working Capital Loan has been drawn down in the amount of approximately HK\$5 million); and
- (c) as to the remaining approximately HK\$18.9 million for future working capital for the Group and any acquisitions or investments that the Group may decide to pursue after Resumption. As at the Latest Practicable Date, the Group has not identified any acquisitions or investments that it may pursue.

# LETTER FROM THE BOARD

## SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholdings structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company immediately upon the Share Consolidation becoming effective and the completion of the Open Offer are set out below for illustration purposes only:

**Scenario A: As at the Latest Practicable Date and assuming all Independent Shareholders take up the Offer Shares in FULL**

	As at the Latest Practicable Date		Upon Share Consolidation becoming effective		Upon completion of the Open Offer	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Investor	142,993,481	71.50	71,496,740	71.50	357,483,700	71.50
Public — existing	<u>57,006,519</u>	<u>28.50</u>	<u>28,503,260</u>	<u>28.50</u>	<u>142,516,300</u>	<u>28.50</u>
Total	<u>200,000,000</u>	<u>100.00</u>	<u>100,000,000</u>	<u>100.00</u>	<u>500,000,000</u>	<u>100.00</u>

**Scenario B: As at the Latest Practicable Date and assuming no existing Independent Shareholder (except for the Investor) takes up the Offer Shares**

	As at the Latest Practicable Date		Upon Share Consolidation becoming effective		Upon completion of the Open Offer	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Investor	142,993,481	71.50	71,496,740	71.50	357,483,700	71.50
Public — existing	57,006,519	28.50	28,503,260	28.50	28,503,260	5.70
— places under the Open Offer ( <i>Note</i> )	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>114,013,040</u>	<u>22.80</u>
Total	<u>200,000,000</u>	<u>100.00</u>	<u>100,000,000</u>	<u>100.00</u>	<u>500,000,000</u>	<u>100.00</u>

*Notes:*

1. Pursuant to the Investor's Undertaking, the Investor will take up in full its entitlements under the Open Offer to subscriber for the Offer Shares on the Record Date.
2. Under the Underwriting Agreement, the Underwriter will place down any Offer Shares under the Open Offer to Independent Shareholders so that neither the Underwriter nor any of the placees of the Open Offer will hold 10% or more shareholding in the Company upon completion of the Open Offer.



## **LETTER FROM THE BOARD**

### **FUND-RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising exercises in the past 12 months immediately preceding the date of the Announcement.

### **FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

As set out in the interim report of the Company for the six months ended 30 June 2012, the Group did not have sufficient operation to secure its continual listing on the GEM and the Acquisition was expected to provide an opportunity for the development of the Group's business and broaden its revenue and customer bases. Upon completion of the Acquisition which took place on 31 December 2012 and approval of the Resumption Proposal by the Stock Exchange, the Company intends to focus on the provision of information technology solutions targeting the Hong Kong and PRC markets with primary focus in the government industry sector aiming to facilitate communications between the public and the government departments or private corporations via websites, telephones, and mobile phones using voice (e.g. Interactive Voice Response System) and data (e.g. mobile applications) channels. The Group intends to continue in the development and upgrades of its products and services, details of which can be referred to the Acquisition Circular.

### **GENERAL**

The Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM. As at the Latest Practicable Date, the Investor holds 142,993,481 Existing Shares, representing approximately 71.50% of the issued share capital of the Company and is a controlling Shareholder. Accordingly and pursuant to the GEM Listing Rules, the Investor and its associates are required to abstain from voting in favour of the resolutions relating to the Open Offer. As at the Latest Practicable Date, the Investor and its associates do not have any intention to vote against the resolution relating to the Open Offer.

The Company has established an independent board committee, which comprises all independent non-executive Directors, to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and whether the Open Offer is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations from Vinco Capital.

Your attention is drawn to the letter from the Independent Board Committee set out on page 23 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM regarding the Open Offer and the letter from Vinco Capital to the Independent Board Committee and Independent Shareholders as regards the Open Offer as well as the principal factors and reasons considered by it in arriving thereat. The text of the letter from Vinco Capital is set out on pages 24 to 38 of this circular.

### **EGM**

A notice of the EGM is set out on pages 64 to 66 of this circular and the form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with



## LETTER FROM THE BOARD

the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

Completion of the form of proxy will not preclude you from attending the voting at the EGM or any adjourned meeting thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### CONTINUED SUSPENSION OF TRADING OF SHARES

**Trading in the Shares on the Stock Exchange has been suspended since 22 March 2007. Until satisfaction of all the Resumption Conditions set out by the Stock Exchange, trading in the Shares will continue to be suspended. The release of this circular does not indicate that the Shares will resume trading or that the listing approval for the Consolidated Shares, including the Offer Shares will be granted. Shareholders should note that the Shares may remain in suspension in the event that the Company fails to satisfy all or any the Resumption Conditions within the time stipulated by the Stock Exchange. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or Consolidated Shares up to the date when the Resumption Conditions are satisfied.**

### RECOMMENDATION

The Directors are of the opinion that the Share Consolidation and the terms of the Open Offer contemplated thereunder are on normal commercial terms, fair, reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed in the EGM.

By order of the Board  
**Aurum Pacific (China) Group Limited**  
**Lau Man Tak**  
*Chairman*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

**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)**

4 January 2013

**OPEN OFFER ON THE BASIS OF  
FOUR OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE  
HELD ON THE RECORD DATE**

*To the Independent Shareholders*

Dear Sir or Madam,

We refer to the circular of the Company dated 4 January 2013 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been constituted to, among other things, give recommendations to the Independent Shareholders in respect of the Open Offer. Vinco Capital has been appointed as the independent financial adviser to advise us in this respect. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advices, are set out in its letter on pages 24 to 38 of this circular, and the additional information set out in other sections of and appendices to this circular.

Having considered the terms of the Open Offer as well as the advice and recommendations of Vinco Capital as set out in its letter of advice, we consider that the terms of the Open Offer are fair and reasonable as far as the Independent Shareholders are concerned. The Open Offer is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders to vote in favour of the resolution in relation to the Open Offer to be proposed at the EGM to approve the Open Offer.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Aurum Pacific (China) Group Limited**

**Mr. Chan Wai Fat**

**Mr. Chi Chi Hung, Kenneth**

**Mr. Chui Kwong Kau**

*Independent non-executive Directors*

## LETTER FROM VINCO CAPITAL

*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the Open Offer which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**  
Units 4909–4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

4 January 2013

To the Independent Board Committee and the Independent Shareholders of  
Aurum Pacific (China) Group Limited

Dear Sirs,

### **OPEN OFFER ON THE BASIS OF FOUR OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD ON THE RECORD DATE**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed Open Offer, details of which are set out in the “Letter from the Board” in the circular (the “Circular”) issued by the Company to the Shareholders dated 4 January 2013 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

As announced by the Company on 21 December 2012, the Company proposed to raise approximately HK\$60 million (before expenses) by way of the Open Offer of 400,000,000 Consolidated Shares at the Offer Price of HK\$0.15 per Offer Share on the basis of four (4) Offer Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date. Pursuant to the Underwriting Agreement and the Undertaking, the Investor has undertaken to take up in full its entitlements under the Open Offer to subscribe for 285,986,960 Offer Shares. Pursuant to the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter, save for the entitlements falls under the Investor's Undertaking, of 114,013,040 Offer Shares. The Underwriter has undertaken to the Company to place down any Offer Shares under the Open Offer to Independent Shareholders so that neither the Underwriter nor any of the placees to whom it will place down any Offer Shares will at any time hold 10% or more shareholding in the Company upon completion of the Open Offer.

As stated in the Letter from the Board, as at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible or exchangeable securities. Furthermore, the trading of the Shares has been suspended for more than five years since 22 March 2007 and

## LETTER FROM VINCO CAPITAL

with the tight financial position and net liability position that the Company is facing, the Company is proposed to raise funds by way of Open Offer of with gross proceed of approximately HK\$60 million.

The Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM. As at the Latest Practicable Date, the Investor holds 142,993,481 Existing Shares, representing approximately 71.50% of the issued share capital of the Company and is a controlling Shareholder. Accordingly and pursuant to the GEM Listing Rules, the Investor and its associates are required to abstain from voting in favour of the resolutions relating to the Open Offer. As at the Latest Practicable Date, the Investor and its associates do not have any intention to vote against the resolution relating to the Open Offer.

The Independent Board Committee, comprising Mr. Chan Wai Fat, Mr. Chi Chi Hung, Kenneth and Mr. Chui Kwong Kau, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Open Offer. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the GEM Listing Rules, our role is to give you an independent opinion as to whether the terms of the Open Offer are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and whether the Independent Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Open Offer.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

## LETTER FROM VINCO CAPITAL

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Open Offer, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

In formulating our opinion, we have not considered the taxation implications on Independent Shareholders in relation to the subscription for, holding or disposal of the Offer Shares or otherwise, since these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Offer Shares or otherwise. In particular, Independent Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed Open Offer, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, we have considered the principal factors and reasons set out below:

#### 1. The Open Offer

##### *Background and the financial information of the Group*

Currently, the Group is principally engaged in the provision of custom-made solutions. We noted from the annual report of the Group for the year ended 31 December 2011 (the “Annual Report 2011”), the Group was principally engaged in two business segments, namely the trading of computer equipment and accessories and provision of custom-made solutions during the accounting year 2011. On 31 March 2011, the Company has entered into the sales and purchase agreement with an independent third party to dispose of its entire equity interest in a subsidiary which engages in trading business. As stated in the Annual Report 2011, the disposal of the trading business could enhance better resources distribution to focus on the business of provision of custom-made solutions.

# LETTER FROM VINCO CAPITAL

Set out below is the financial information of the Group as extracted from the Annual Report 2011 and the interim report of the Group for the six months ended 30 June 2012 (the “Interim Report 2012”):

	<b>For the six months ended 30 June 2012 HK\$'000 (unaudited)</b>	<b>For the year ended 31 December 2011 HK\$'000 (audited)</b>	<b>For the year ended 31 December 2010 HK\$'000 (audited)</b>
Turnover	97	274	560
Loss for the period from continuing operations and attributable to owners of the Company	(1,833)	(3,558)	(3,747)
	<b>As at 30 June 2012 HK\$'000 (unaudited)</b>	<b>As at 31 December 2011 HK\$'000 (audited)</b>	<b>As at 31 December 2010 HK\$'000 (audited)</b>
Net liabilities	(4,778)	(4,553)	(1,451)
Cash and cash equivalents	1,600	4,860	3,225

As stipulated in the Annual Report 2011, we noted that the Group recorded turnover from continuing operations of approximately HK\$274,000 for the year ended 31 December 2011, representing a decrease of approximately 51.07% as compared to that of 2010 (approximately HK\$560,000). The Group also recorded a loss from continuing operations and attributable to owners of the Company of approximately HK\$3,558,000 for the year ended 31 December 2011, representing a decrease in loss attributable to Shareholders of approximately 5.04% as compared to that of 2010 (approximately HK\$3,747,000). As at 31 December 2011, the Group has recorded net liabilities of approximately HK\$4,553,000, representing an increase of net liabilities of approximately 213.78% as compared to that of 2010 (approximately HK\$1,451,000) and cash and cash equivalents of approximately HK\$4,860,000, representing an increase of approximately 50.70% as compared to that of 2010 (approximately HK\$3,225,000).

As stipulated in the Interim Report 2012, the Group has recorded turnover and loss from continuing operations and attributable to owners of the Company of approximately HK\$97,000 and HK\$1,833,000 respectively for the six months ended 30 June 2012. As at 30 June 2012, the Group has net liabilities and cash and cash equivalents of approximately HK\$4,778,000 and HK\$1,600,000 respectively.

## LETTER FROM VINCO CAPITAL

As stated in the Letter from the Board, the Company has not conducted any fund raising exercises in the past 12 months immediately preceding the date of the Announcement.

### *Reasons for the Open Offer and use of proceeds*

In accordance to the Circular, the gross proceeds of the Open Offer is HK\$60 million. After payment of the fees for Acquisition and Open Offer of approximately HK\$2.5 million and HK\$3.9 million respectively (of which HK\$3 million has been and will be settled using the Working Capital Loan), the net proceeds from the Open Offer of approximately HK\$56.6 million will be applied as (a) approximately HK\$24 million for the settlement of the balance of the consideration of the Acquisition; (b) approximately HK\$13.7 million for the repayment of other borrowings of approximately HK\$6.7 million and the Working Capital Loan of approximately HK\$7 million (As at the Latest Practicable Date, the Working Capital Loan has been drawn down in the amount of approximately HK\$5 million); and (c) as to the remaining approximately HK\$18.9 million for future working capital for the Group and any acquisitions or investments that the Group may decide to pursue after Resumption. As stated in the Letter from the Board, the Company has not yet identified any acquisition/investments as at the Latest Practicable Date.

With reference to the Acquisition Circular, the total consideration for the Acquisition of KanHan Technologies Limited, which is principally engaged in developing and marketing of patented server based technology and the provision of software related services, is HK\$28 million and the first payment of HK\$4,000,000 of the consideration has been settled on 3 July 2012. In view of, among others, (a) the established development of the products and services of the Target Group; (b) wide base of anchored clients, especially the various departments in the Hong Kong Government, which ensures recurring business base of the Target Group and (c) the potential for the development of the products and services provided by the Target Group, the Directors consider that the Acquisition provides an excellent opportunity for the development of the Group's business and broadens its revenue and customer bases. In addition, as stated in the Interim Report 2012, the Group did not have sufficient operation to secure its continual listing on the GEM and the Acquisition was expected to provide an opportunity for the development of the Group's business and broaden its revenue and customer bases. As advised by the Directors, given that the Group is encountering net liabilities position and limited cash and cash equivalent, the Open Offer provides the Company additional fund to settle the remaining balance of the consideration of the Acquisition without further exacerbating the net liabilities level of the Group.

As advised by the Directors, the Group is currently holding an unsecured loan with principal amount of HK\$5,000,000 with interest rate at 3% over the Hong Kong prime rate per annum plus an arrangement fee. On top of the drawdown of HK\$5,000,000 pursuant to the Working Capital Loan at the Latest Practicable Date, which is interest free and unsecured, the Group will be indebted to approximately



## LETTER FROM VINCO CAPITAL

HK\$12.0 million. Given that the Group is encountering net liabilities, using the net proceeds from the Open Offer can minimize the indebtedness of the Group whereas turning the net liabilities position of the Group into net asset.

As stated in the Letter from the Board, the remaining HK\$18.9 million of the net proceeds from the Open Offer for the future working capital for the Group and any acquisitions or investments that the Group may decide to pursue after the Resumption. With reference to the Interim Report 2012, the Group has unaudited net current liabilities of approximately HK\$4.82 million as at 30 June 2012. Assuming other things remained unchanged, the use of HK\$18.9 million for working capital would turn the Group's net current liabilities position into net current asset to approximately HK\$14.08 million. Moreover, as stated in the Annual Report 2011, the Board will explore new investment opportunities to diversify its portfolio and to provide sufficient cash flow to the Group, thus considering to use a portion of the net proceeds from the Open Offer for any acquisitions or investments is in line with the Company's business strategy.

After taking into the above factors in relation to the use of net proceeds from the Open Offer for (i) the settlement of the balance of the consideration of the Acquisition; (ii) the repayment of other borrowings and the Working Capital Loan and (iii) for future working capital for the Group and any future acquisitions or investments, we are of the view that the Open Offer is fair and reasonable and is in the interest of the Independent Shareholders and the Group as a whole.

### ***Principal terms for the Open Offer***

In order to assess the fairness and reasonableness of the Open Offer, we have analysis the principal terms of the Open Offer as following:

#### ***Basic of the Open Offer***

As stated in the Letter from the Board, subject to the Share Consolidation becoming effective, the Company proposed to raise approximately HK\$60 million (before expenses) by way of the Open Offer of 400,000,000 Consolidated Shares at the Offer Price of HK\$0.15 per Offer Share on the basis of four (4) Offer Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date. After payment of the fees for Acquisition and Open Offer of approximately HK\$2.5 million and HK\$3.9 million respectively (of which HK\$3 million has been and will be settled using the Working Capital Loan), the net proceeds from the Open Offer will be approximately HK\$56.6 million.

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible or exchangeable securities. Total number of Offer Shares of 400,000,000 Consolidated Shares represents (i) 400% of the issued share capital of the Company as at the Latest Practicable Date (assuming the Share Consolidation becoming effective); and (ii) 80% of the issued share capital of the Company upon completion of Share Consolidation and as enlarged by the Offer Shares.



## LETTER FROM VINCO CAPITAL

### *Offer Price*

The Offer Price for the Offer shares is HK\$0.15 per Offer Share payable in cash and in full upon application by a Qualifying Shareholder. The Offer Price of HK\$0.15 represents:

- (i) a discount of approximately 75.81% to the closing price of HK\$0.62 per Consolidated Share (assuming the Share Consolidation has become effective) on the Last Trading Day;
- (ii) a discount of approximately 80.67% to the average closing prices of the Shares for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.776 per Consolidated Share (assuming the Share Consolidation has become effective); and
- (iii) a discount of approximately 38.52% to the theoretical ex-entitlement price of approximately HK\$0.244 per Consolidated Share (assuming the Share Consolidation has become effective) for the Last Trading Day.

As stated in the Letter from the Board, the Offer Price has been determined based on arm's length negotiation between the Company and the Underwriter after taking into consideration that the suspension of trading of Shares for more than five years since 22 March 2007 and the tight financial position and net liability position that the Company is facing. As to incentivize the Qualifying Shareholders to take up their entitlements under the Open Offer, the Offer Price represents a substantial discount to the closing price before the Suspension. The Directors (including the proposed Directors) consider the Offer Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the trading of Shares has been suspended since the Last Trading Date, which was more than five years ago from the Latest Practicable Date, we are in the opinion that the closing price of the Share at the Last Trading Date did not reflect the market sentiment towards the current financial performance of the Group as well as the business prospect of the Group, due to the substantial deviation from the then financial performance and financial position of the Group as refer to the annual report of the Group for the year ended 31 December 2006 (the "Annual Report 2006"), which is the closest annual report of the Group to the Last Trading Date. Furthermore, the Group has changed its business practice from the provision of information localization services and the development of the general software to the provision of custom-made solutions and technical support services as refer to the Annual Report 2006 and the Annual Report 2011 respectively.

### *Comparison of the Offer Price*

Although the trading price of the Share as at the Last Trading Date may not reflect the market sentiment towards the current financial performance, financial position and the business prospect of the Group, in order to assess the fairness and reasonableness of the Offer Price, we have reviewed and included below all the

## LETTER FROM VINCO CAPITAL

companies (the “Comparables”) listed on the Stock Exchange which the trading of shares in those Comparable has been suspended for a period of time immediately before the open offer or rights issue. We have searched the Comparables which the announcement for open offer or rights issue was published during the last twelve months preceding the Latest Practicable Date. Although the Comparables may not be directly comparative to the Company because of the difference in business nature, after taking into consideration that if restricting the Comparables which the business nature to the Company, the size of the Comparables would be very limited and may not be able to provide a general reference to the Shareholders or the potential investors in relation to the recent trend of determining the subscription price of the shares in an open offer or rights issue with suspension in trading of shares prior to the open offer or rights issue. Table below set out the details of the Comparables as followed:

Comparables (Stock Code)	Date of announcement	Basis	Premium/ (discount) of subscription price to the closing price on the last trading date %	Potential maximum dilution %
First Natural Foods Holdings Limited (1076)	26-Mar-2012	7 for 1	(97.60)	87.50
Climax International Company Limited (439)	5-Mar-2012	8 for 1	(80.00)	88.89
BEP International Holdings Limited (2326)	27-Feb-2012	1 for 2	(40.00)	33.33
		<b>Max.</b>	(40.00)	88.89
		<b>Min.</b>	(97.60)	33.33
		<b>Mean</b>	(72.53)	69.91
The Company	21-Dec-2012	4 for 1	(75.81)	80.00

Based on the table above, the subscription prices of the Comparables represent a range from a discount of approximately 40.00% to a discount of approximately 97.60% on the closing price of the last trading day prior to the date of announcement with a mean discount of approximately 72.53%. The Offer Price represents a discount of approximately 75.81% (close to the mean of the Comparables) from the closing price on the Last Trading Day, which falls within the range of the Comparables. Based on the foregoing, we are of the view that it is not uncommon for the listed issuers to issue offer shares at a substantial discount in order to give an

## LETTER FROM VINCO CAPITAL

incentive to the Shareholders to participate in the Open Offer, especially there is a prolonged suspension in trading of Shares immediately prior to Open Offer. As such, we consider the pricing of the Open Offer is on normal commercial term and is fair and reasonable to the Independent Shareholders and the Company as a whole.

Having considered that (i) the trading of Shares has been suspended for more than five years; (ii) it is not uncommon for the listed companies to issue offer shares at a substantial discount given that the trading of their shares has been suspended for long in order to incentivize the Qualifying Shareholders to subscribe for the offer shares and (iii) the discount of the Offer Shares is in line with the recent market practice as such discount is closed to the mean of the Comparables, we are of the view that the Offer Price is on normal commercial term and is fair and reasonable to the Independent Shareholders and the Company as a whole.

### *Underwriting Agreement*

Pursuant to the Underwriting Agreement, the Underwriter will underwrite 114,013,040 Offer Shares which the Open Offer is considered to be fully underwritten save for the entitlement of the respective Offer Shares will be taken up by the Investors. The underwritten commission will be 2.5% on the 114,013,040 Offer Shares underwritten. In order to assess whether the underwritten commission is on normal commercial term and the fairness and the reasonableness thereof, we have conducted an exhaustive list of the companies listed on the Main Board and the GEM Board of the Stock Exchange (the “Underwriting Comparables”) that has announced for open offer or rights issue during the six months period prior to the Latest Practicable Date. Details of the Underwriting Comparables are summarized as below:

Company name	Stock code	Date of announcement	Basis of entitlement	Underwriting commission (%)	Application for excess Offer Shares
Far East Holdings International Limited	36	14-Dec-12	1 for 2	4.50	Y
Hong Kong Resources Holdings Company Limited	2882	12-Dec-12	2 for 5	1.70	Y
China Neng Xiao Technology (Group) Limited	8047	11-Dec-12	1 for 2	3.50	N
Freeman Financial Corporation Limited	279	4-Dec-12	2 for 1	3.00	Y
Asia Commercial Holdings Limited	104	27-Nov-12	3 for 1	2.00	N

# LETTER FROM VINCO CAPITAL

Company name	Stock code	Date of announcement	Basis of entitlement	Underwriting commission (%)	Application for excess Offer Shares
Willie International Holdings Limited	273	21-Nov-12	1 for 2	2.50	Y
Dragonite International Limited	329	20-Nov-12	1 for 1	2.50	Y
TeleEye Holdings Limited	8051	15-Nov-12	1 for 2	2.00	Y
National Arts Holdings Limited	8228	8-Nov-12	4 for 1	3.75	Y
China Agri-Industries Holdings Limited	606	5-Nov-12	3-for-10	0.00	Y
Solargiga Energy Holdings Limited	757	2-Nov-12	1 for 9	1.50	N
Tack Fiori International Group Limited	928	2-Nov-12	1-for-2	2.50	Y
Qin Jia Yuan Media Services Company Limited	2366	2-Nov-12	1-for-1	2.50	Y
Yunbo Digital Synergy Group Limited	8050	31-Oct-12	1 for 4	0.00	Y
Royale Furniture Holdings Limited	1198	26-Oct-12	1 for 2	2.50	N
Esprit Holdings Limited	330	22-Oct-12	1-for-2	2.25	Y
C Y Foundation Group Limited	1182	19-Oct-12	1 for 2	2.00	N
National Arts Holdings Limited	8228	18-Oct-12	4-for-1	3.75	Y
Easyknit Enterprises Holdings Limited	616	11-Oct-12	5-for-1	1.00	Y
SIM Technology Group Limited	2000	5-Oct-12	1-for-2	2.00	Y
China Environment Energy Investment Limited	986	4-Oct-12	1-for-1	2.5	Y
New Universe International Group Limited	8086	28-Sep-12	1 for 5	0.00	Y
Goldin Financial Holdings Limited	530	27-Sep-12	11-for-10	2.50	Y
Pou Sheng International (Holdings) Limited	3813	21-Sep-12	1-for-4	0.00	Y

# LETTER FROM VINCO CAPITAL

Company name	Stock code	Date of announcement	Basis of entitlement	Underwriting commission (%)	Application for excess Offer Shares
Sun Century Group Limited	1383	5-Sep-12	6 for 1	0.00	N
Computech Holdings Limited	8081	22-Aug-12	3 for 1	2.50	N
Daiwa Associate Holdings Limited	1037	17-Aug-12	1-for-4	0.00	Y
C Y Foundation Group Limited	1182	15-Aug-12	1 for 2	2.00	N
Easyknit Enterprises Holdings Limited	616	15-Aug-12	1-for-2	1.00	Y
MelcoLot Limited	8198	14-Aug-12	3 for 1	0.00	N
UDL Holdings Limited	620	6-Aug-12	1-for-3	2.50	Y
China Properties Investment Holdings Limited	736	25-Jul-12	1-for-2	3.00	Y
Pacific Plywood Holdings Limited	767	10-Jul-12	2-for-1	1.95%,2.5%	Y
China Automotive Interior Decoration Holdings Limited	8321	5-Jul-12	2 for 1	3.00	N
Ming Kei Holdings Limited	8239	5-Jul-12	1 for 2	3.50	N
			<b>Max.</b>	<b>4.50</b>	
			<b>Min.</b>	<b>0.00</b>	
			<b>Mean</b>	<b>2.01</b>	
<b>The Company</b>				<b>2.50</b>	

The commission rate for underwriters of the Underwriting Comparables ranged from nil to 4.50%. As the Underwriter is charging 2.5% underwriting commission to the Company, it is within the range and close to the mean of the Underwriting Comparables, we are of the view that the underwriting commission charged by the Underwriter is on normal commercial course, fair and reasonable to the Independent Shareholders and the Company as a whole.

## *No excess application for the Offer Shares*

As stated in the Letter from the Board, as the Company will be required to put in additional effort and costs to administer the excess application procedures, no application for excess Offer Shares is arranged for the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter. With reference to the Underwriting Comparables, there are total

## LETTER FROM VINCO CAPITAL

14 Underwriting Comparables that conduct open offer for fund raising and among which 10 for them had no arrangement for qualifying shareholders to apply for the excess offer shares. In addition, the Open Offer has given all Qualifying Shareholders a fair and equal opportunity to subscribe for their entitlements in order to maintain their respective pro rata shareholding and also they will be benefitted from the overall improvement of the financial position of the Company upon completion of the Open Offer, we are of the view that such arrangement is on the normal commercial term, fair and reasonable and is in line with the recent market practice as the majority of the Underwriting Comparables that conduct open offer for fund raising has no excess application arrangement.

### ***Dilution effect on shareholding interests of the Independent Shareholders***

All Qualifying Shareholders are entitled to subscribe for the Offer Shares. For those Qualifying Shareholders who take up their entitlements in full under the Open Offer, their shareholding interests in the Company will remain unchanged after the Open Offer.

In the event those Qualifying Shareholders who do not exercise their rights to subscribe for the Open Offer in full, depending on the extent to which they take up their entitlements, their shareholding interests will be diluted.

As stated in the Letter from the Board, the shareholding structure before and after the completion of the Share Consolidation and the Open Offer are illustrated as below:

Scenario A: As at the Latest Practicable Date and assuming all Independent Shareholders take up the Offer Shares in full

	<b>As at the Latest Practicable Date</b>		<b>Upon Share Consolidation becoming effective</b>		<b>Upon completion of the Open Offer</b>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Investor	142,993,481	71.50	71,496,740	71.50	357,483,700	71.50
Public						
— existing	<u>57,006,519</u>	<u>28.50</u>	<u>28,503,260</u>	<u>28.50</u>	<u>142,516,300</u>	<u>28.50</u>
Total	<u>200,000,000</u>	<u>100.00</u>	<u>100,000,000</u>	<u>100.00</u>	<u>500,000,000</u>	<u>100.00</u>

## LETTER FROM VINCO CAPITAL

Scenario B: As at the Latest Practicable Date and assuming no existing Independent Shareholder (except for the Investor) takes up the Offer Shares

	As at the Latest Practicable Date		Upon Share Consolidation becoming effective		Upon completion of the Open Offer	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Investor	142,993,481	71.50	71,496,740	71.50	357,483,700	71.50
Public						
— existing	57,006,519	28.50	28,503,260	28.50	28,503,260	5.70
— placees under the Open Offer ( <i>Note</i> )	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>114,013,040</u>	<u>22.80</u>
Total	<u>200,000,000</u>	<u>100.00</u>	<u>100,000,000</u>	<u>100.00</u>	<u>500,000,000</u>	<u>100.00</u>

*Notes:*

1. Pursuant to the Investor's Undertaking, the Investor will take up in full its entitlements under the Open Offer to subscriber for the Offer Shares on the Record Date.
2. Under the Underwriting Agreement, the Underwriter will place down any Offer Shares under the Open Offer to Independent Shareholders so that neither the Underwriter nor any of the placees of the Open Offer will hold 10% or more shareholding in the Company upon completion of the Open Offer.

The Independent Shareholders who are Qualifying Shareholders should note that, should they decide to subscribe for their full provisional allotment entitlements of the Offer Shares, there would not be any dilution effect on their interests in the Company. However, we would like to draw the Independent Shareholders' attention to the fact that, for those Independent Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Offer Shares, their corresponding interest in the Company will be diluted. In case all the Qualifying Shareholders (other than the Underwriter) decide not to take up the provisional allotments of the Open Offer and the Underwriter has taken up all the provisional allotments in its capacity as the Underwriter, the percentage of shareholding of the other public Shareholders will be reduced from approximately 28.50% to approximately 5.70%.

### ***Other financing alternatives***

As advised by the Directors, they have considered alternative means of financing other than the Open Offer, including arrangement of new bank loans and private placements. However, considering the Group's financial position as at 30 June 2012, in which the Group had net liabilities of HK\$4,778,000, the bank borrowings would further increase the net liabilities of the Group and it would exert additional pressure on the liquidity of the Group. Moreover, as confirmed by the

## LETTER FROM VINCO CAPITAL

Directors, given the Group has net liabilities as at 30 June 2012, the losses recorded in the Annual Report 2011 and Interim Report 2012 and the prolonged suspension of the trading of Shares, it is difficult for the Company to seek bank borrowings with favorable terms thereunder.

Among the other possible equity financing methods, as the Open Offer provides an equal opportunity to the existing Shareholders to participate in the enlargement of the capital base of the Group and at the same time they can maintain their proportionate interest in the Company, we are of the view that the Open Offer is fair and reasonable and is in the interest of the Independent Shareholders and the Company as a whole given that private placements will dilute the shareholding of the existing Shareholders and rights issue may incur relatively higher costs and longer time to be completed as comparing to Open Offer.

### ***Financial effects of the Open Offer***

#### *a. Net liabilities*

With reference to the Interim Report 2012, the net liabilities of the Group were approximately HK\$4,778,000. Assuming the Open Offer is approved, the net proceed from the Open Offer will turn the net liabilities into net asset as assuming other things has remained unchanged.

#### *b. Working capital*

With reference to the Interim Report 2012, the Group had approximately HK\$4,816,000 of net current liabilities. Assuming the Open Offer is approved, the Company is intended to allocate HK\$18,900,000 of the net proceed from the Open Offer for future working capital of the Group and any acquisitions or investments that the Group may decide to pursue after Resumption. We noted that the Open Offer would contribute a better net working capital position for the Company. Moreover, such allocation of the net proceeds from the Open Offer would enhance the ability for the Group to capture investment opportunities or taking any acquisitions in a timely manner that the Group may decide to pursue after the Resumption.

#### *c. Gearing ratio (total borrowings/total assets)*

With reference to the Interim Report 2012, the Group had recorded net liabilities of approximately HK\$4,778,000, thus in this case gearing ratio may not be able to apply to measure the financial leverage of the Group. However, as the Open Offer will increase cash inflow of the Group and enhance the capital base of the Group, we are in the opinion that the Group's gearing level will be improved and result in a favorable gearing position to the Group immediately after the completion of the Open Offer.



## CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Open Offer, including:

- (a) the trading of Shares has been suspended for more than five years and it is not uncommon to determine the Offer Price at a substantial discount in order to incentivize the Qualifying Shareholders to participate into the Open Offer;
- (b) the discount represented in the Offer Price is in line with recent market practice;
- (c) the underwriting commission is within range and close to the mean of the market rate;
- (d) the potential dilution of existing public Shareholders if they choose not to take up their respective entitlements;
- (e) the absence of the excess application for the Offer Shares is on normal commercial terms, fair and reasonable and is in line with the recent market practice;
- (f) the Open Offer has advantages over the alternative fund raising methods;
- (g) the uses of the net proceeds are fair and reasonable; and
- (h) the positive financial effects on the Group in terms of net assets value, working capital position and the gearing ratio,

we are of the view that the Open Offer are on normal commercial terms, are fair and reasonable and are in the interests of the Independent Shareholders and the Company as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote and the Independent Shareholders to vote in favour of the Open Offer at the EGM.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

## 1. FINANCIAL INFORMATION OF THE GROUP

### Financial summary for the six months ended June 2012 and three years ended 31 December 2011

Financial information of the Group for the six months ended 30 June 2012 is set out in the unaudited consolidated financial statement in the interim report of the Company for the six months ended 30 June 2012 published on 10 August 2012 at <http://www.hkexnews.hk/listedco/listconews/GEM/2012/0810/GLN20120810084.pdf>.

Financial information of the Group for each of the three years ended 31 December 2009, 2010 and 2011 are set out in the audited consolidated financial statements annual reports of the Company for the years ended 31 December 2009, 2010 and 2011 at <http://www.hkexnews.hk/listedco/listconews/GEM/2010/0330/GLN20100330003.pdf>; <http://www.hkexnews.hk/listedco/listconews/GEM/2011/0329/GLN20110329069.pdf>; and <http://www.hkexnews.hk/listedco/listconews/GEM/2012/0328/GLN20120328214.pdf> respectively.

## 2. FINANCIAL INFORMATION OF THE ACQUIRED GROUP DURING THE LAST 12 MONTHS

With reference to appendix 1B (31)(3)(b) and note 6 to the GEM Listing Rules, the financial information of the acquired group KanHan Technologies Limited and its subsidiaries is set out on pages 60 to 101 in appendix II in the circular of the Company dated 10 December 2012 in relation to, among others, the Acquisition.

## 3. INDEBTEDNESS STATEMENT

### Borrowings

At the close of business on 30 November 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following outstanding borrowings:

	Non-current HK\$'000	Current HK\$'000	Total HK\$'000
Interest bearing borrowings (Note 1)	—	6,522	6,522
Financial assistance from government (Note 2)	756	235	991
Loan from a shareholder (Note 3)	<u>3,694</u>	<u>—</u>	<u>3,694</u>
	<u>4,450</u>	<u>6,757</u>	<u>11,207</u>

*Notes:*

- (1) On 2 May 2010, the Company entered into a loan agreement with an independent third party for a loan of HK\$5,000,000. This loan is unsecured, bearing interest rate at 3% over Hong Kong prime rate per annum plus an arrangement fee. The loan and the accrued interest are repayable in May 2013.
- (2) The Innovation and Technology Fund (“**ITF**”) of the Hong Kong Special Administrative Region Government has provided financial assistance to the KanHan Technologies Limited (“**KanHan**”) to assist in a specific product development. The funding is unsecured, interest-free and repayable to ITF when revenue is generated from the specific product. In the opinion of the KanHan’s director, an amount of HK\$235,000 will be repayable to the ITF within the next twelve months as at 30 November 2012.
- (3) On 11 April 2012, 26 June 2012 and 15 November 2012, the Company entered into loan facilities letters with its controlling shareholder, the Investor, for the loan facilities of up to HK\$40,000,000 (the “**Facilities**”) for the purpose of general working capital of the Company. On 2 July 2012, the Company drew down HK\$4,000,000 from the Facilities. This loan is unsecured, interest-free and repayable on or before 11 April 2014.

**Pledge of assets**

At the close of business on 30 November 2012, the Group did not pledge any asset to banks or other financial institutions.

**Contingent liabilities**

On 19 July 2010, KanHan disposed of its 100% interest in KanHan Educational Services Limited (“**KanHan Education**”) to an Independent Third Party (the “**Buyer**”). Under the sale and purchase agreement, KanHan a wholly-owned subsidiary of the Company warrants and guarantees to the Buyer that the audited net profits before tax and any extraordinary or exceptional item (the “**Audited Profits**”) of KanHan Education will not be less than HK\$450,000, HK\$2,200,000 and HK\$6,500,000 for the years ending 31 December 2010, 2011 and 2012 (the “**Guaranteed Profits**”) respectively. KanHan is required to return to the Buyer in cash of the contingent consideration paid if the Audited Profits of KanHan Education are less than the Guaranteed Profits.

On 26 June 2012, KanHan entered into a counter-indemnity agreement with its sole director, Mo Wai Ming Lawrence, the executive Director, to indemnify it against any loss that may arise from this guarantee. Accordingly, any claims to be made in relation to the above guarantee shall be liable to Mr. Mo and not KanHan or the Group.

**Disclaimer**

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any bank borrowings, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or

other loan capital, mortgage, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 November 2012.

#### **4. WORKING CAPITAL SUFFICIENCY**

The Directors, including the proposed Director, after due and careful enquiry, are of the opinion that taking into account of the completion of the Acquisition, its present available financial resources and the existing available credit facilities and subject to the completion of the transactions contemplated under the Resumption Proposal, including the Share Consolidation and the Open Offer, the Group will have sufficient working capital for at least 12 months after Resumption.

#### **5. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors confirm that there had been no material changes in the financial or trading position of the Group since 31 December 2011, being the date of which the latest published financial statements of the Group were made up.

**A. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**



**BAKER TILLY**

HONG KONG LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

2nd Floor, 625 King's Road, North Point, Hong Kong

**ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF AURUM PACIFIC (CHINA) GROUP LIMITED**

We report on the unaudited pro forma financial information set out on pages 44 to 46 under the heading of “Unaudited Pro Forma Financial Information of the Group” (the “**Unaudited Pro Forma Financial Information**”) in Appendix II to the circular dated 4 January 2013 (the “Circular”) of Aurum Pacific (China) Group Limited (the “**Company**”), in connection with the following proposed transactions (the “**Transactions**”):

- (i) the proposed share consolidation (the “**Share Consolidation**”) of every 2 issued and unissued shares of the Company of HK\$0.01 each into 1 share of the Company of HK\$0.02 each (the “**Consolidated Shares**”); and
- (ii) the proposed open offer (the “**Open Offer**”) of 400,000,000 Consolidated Shares of the Company at the subscription price of HK\$0.15 each.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transactions might have affected the relevant financial information of the Company and its subsidiaries upon completion of the Acquisition (collectively the “**Group**”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on page 44 of the Circular.

**Respective responsibilities of directors of the Company and the Reporting Accountant**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 7.31(1) of the GEM Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited consolidated statement of financial position of the Company as at 30 June 2012, with the published unaudited pro forma financial information of the enlarged Group (Resumption has been effected) as set out in Appendix III to the circular in relation to the Acquisition dated 10 December 2012, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2012 or at any future date.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

**Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

**Andrew David Ross**

Practising Certificate Number P01183

Hong Kong, 4 January 2013

## **B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

### **INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

The accompanying unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of Aurum Pacific (China) Group Limited (the “**Company**”) and its subsidiaries upon completion of the Acquisition (hereinafter collectively referred to as the “**Group**”) has been prepared by the directors of the Company (the “**Directors**”) to illustrate the effect of the following proposed transactions (the “**Transactions**”):

- (i) the proposed share consolidation (the “**Share Consolidation**”) of every 2 issued and unissued shares of the Company of HK\$0.01 each into 1 share of the Company of HK\$0.02 each (the “**Consolidated Shares**”); and
- (ii) the proposed open offer (the “**Open Offer**”) of 400,000,000 Consolidated Shares of the Company at the subscription price of HK\$0.15 each.

The following is the Unaudited Pro Forma Financial Information of the Group as if the Transactions have been completed (the “**Completion**”) on 30 June 2012 for the unaudited pro forma consolidated statement of financial position.

The unaudited pro forma consolidated statement of financial position of the Group is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2012 as extracted from the published unaudited pro forma financial information of the enlarged Group (Resumption has been effected) as set out in Appendix III to the circular in relation to the Acquisition dated 10 December 2012 as set out in Appendix II to the Circular.

The accompanying Unaudited Pro Forma Financial Information of the Group is prepared by the Directors and based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Group upon completion of the Transactions. As it is prepared for illustrative purpose only and because of its hypothetical nature, it does not purport to give a true picture of the actual financial position, results and cash flows of the Group on completion of the Transactions. Further, the accompanying Unaudited Pro Forma Financial Information of the Group does not purport to predict the future financial position or results of operations of the Group after the completion of the Transactions.

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP**

	The Group's unaudited consolidated statement of financial position as at 30 June 2012 upon completion of the Acquisition HK\$'000	Pro forma adjustments HK\$'000	Note	The Group's unaudited consolidated statement of financial position as at 30 June 2012 after the Share Consolidation and the Open Offer HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	248	—		248
Intangible assets	4,483	—		4,483
Goodwill	25,777	—		25,777
<b>Total non-current assets</b>	30,508	—		30,508
<b>Current assets</b>				
Inventories — finished goods for resale	53	—		53
Trade and other receivables	2,426	—		2,426
Cash and cash equivalents	(15,590)	(3,930)	2	40,480
		60,000	2	
<b>Total current assets</b>	(13,111)	56,070		42,959
<b>Current liabilities</b>				
Trade and other payables	1,267	—		1,267
Financial assistance from government	148	—		148
Deferred income	1,699	—		1,699
Consideration payable	8,971	—		8,971
Interest bearing borrowings — unsecured	6,363	—		6,363
Loan from a shareholder	4,000	—		4,000
<b>Total current liabilities</b>	22,448	—		22,448
<b>Net current (liabilities)/assets</b>	(35,559)	56,070		20,511
<b>Total assets less current liabilities</b>	(5,051)	56,070		51,019



<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP</b>
--------------------	---

	The Group's unaudited consolidated statement of financial position as at 30 June 2012 upon completion of the Acquisition <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Note</i>	The Group's unaudited consolidated statement of financial position as at 30 June 2012 after the Share Consolidation and the Open Offer <i>HK\$'000</i>
<b>Non-current liabilities</b>				
Financial assistance from government	909	—		909
Amount due to holding company	785	—		785
Deferred tax liabilities	<u>533</u>	<u>—</u>		<u>533</u>
<b>Total non-current liabilities</b>	<u>2,227</u>	<u>—</u>		<u>2,227</u>
<b>Net (liabilities)/assets</b>	<u>(7,278)</u>	<u>56,070</u>		<u>48,792</u>
<b>Capital and reserves attributable to owners of the Company</b>				
Share capital	2,000	8,000	2	10,000
Reserves	(9,278)	(3,930)	2	38,792
	<u>          </u>	<u>52,000</u>	2	<u>          </u>
<b>(Deficit)/surplus attributable to owners of the Company</b>	<u>(7,278)</u>	<u>56,070</u>		<u>48,792</u>

## NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

*Notes:*

- (1) The Share Consolidation does not have any impact on the Unaudited Pro Forma Financial Information. There were 200,000,000 shares with par value of HK\$0.01 each in issue as at 30 June 2012. After the Share Consolidation, there will be 100,000,000 adjusted shares (the "Consolidated Shares") with par value of HK\$0.02 each in issue.
- (2) The adjustment reflects the open offer of 400,000,000 Consolidated Shares at the subscription price of HK\$0.15 each, with a net proceed of approximately HK\$56,070,000 after deduction of a direct cost of HK\$3,930,000.

**A. UNAUDITED PRO FORMA NET TANGIBLE ASSETS OF THE GROUP****Introduction**

The unaudited pro forma statement of adjusted consolidated net tangible assets (liabilities) of the Aurum Pacific (China) Group Limited (the “**Company**”) and its subsidiaries upon completion of the Acquisition (collectively the “**Group**”) attributable to the owners of the Company (the “**Unaudited Pro Forma Statement**”) has been prepared by the directors of the Company in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) to illustrate the effect of the Open Offer on the unaudited adjusted consolidated net tangible assets (liabilities) of the Group as if the Open Offer had taken place on 30 June 2012.

The Unaudited Pro Forma Statement of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets to Shareholders following the Open Offer.

The Unaudited Pro Forma Statement of adjusted consolidated net tangible assets (liabilities) of the Group has been prepared based on the pro forma unaudited consolidated net assets of the Group as at 30 June 2012, as extracted from published unaudited pro forma financial information of the Group (Resumption has been effected) as set out in Appendix III to the circular in relation to the Acquisition dated 10 December 2012 after incorporating the unaudited pro forma adjustments described in the accompanying notes.

Unaudited pro forma consolidated net tangible (liabilities) of the Group attributable to the owners of the Company as at 30 June 2012 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company upon the completion of the Open Offer as at 30 June 2012 <i>HK\$'000</i>	Unaudited pro forma consolidated net tangible (liabilities) of the Group per share attributable to the owners of the Company before the completion of the Open Offer as at 30 June 2012 <i>HK\$</i> <i>(Note 4)</i>	Unaudited pro forma consolidated net tangible assets of the Group per share attributable to the owners of the Company after the completion of the Open Offer as at 30 June 2012 <i>HK\$</i> <i>(Note 5)</i>
<u>(37,538)</u>	<u>56,070</u>	<u>18,532</u>	<u>(0.375)</u>	<u>0.037</u>

*Notes:*

1. The negative amount of approximately HK\$37,538,000 is determined based on unaudited pro forma consolidated net tangible (liabilities) of the Group attributable to the owners of the Company as at 30 June 2012 of HK\$7,278,000, which is extracted from the published unaudited pro forma financial information of the Group (Resumption has been effected) as set out in Appendix III to the circular of the Company in relation to the Acquisition dated 10 December 2012, with adjustments for goodwill of approximately HK\$25,777,000 and intangible assets of approximately HK\$4,483,000 as at 30 June 2012.
2. The Company proposes a share consolidation (the “**Share Consolidation**”) of every 2 issued and unissued shares with par value of HK\$0.01 each into 1 share with par value of HK\$0.02 each (the “**Consolidated Shares**”). Share Consolidation does not have any impact on the unaudited net tangible (liabilities) of the Group. There were 200,000,000 shares with par value of HK\$0.01 each in issue as at 30 June 2012. After the Share Consolidation, there will be 100,000,000 adjusted shares (the “**Consolidated Shares**”) with par value of HK\$0.02 each in issue.
3. The estimated net proceeds from the Open Offer of approximately HK\$56,070,000 are based on 400,000,000 Consolidated Shares (the “**Offer Shares**”) to be issued at the subscription price of HK\$0.15 per Offer Share and after deduction of estimated related expenses, including among others, underwriting commission, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$3,930,000.
4. The unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group per share attributable to the owners of the Company before the completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group attributable to the owners of the Company as at 30 June 2012 of approximately HK\$37,538,000, as disclosed in note 1 above, divided by 100,000,000 Consolidated Shares of the Company in issue (after taking into the effect of the Share Consolidation) as at 30 June 2012.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company immediately after the completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer of approximately HK\$18,532,000, divided by 500,000,000 Consolidated Shares which comprises 100,000,000 Consolidated Shares of the Company in issue as at 30 June 2012 and 400,000,000 Offer Shares to be issued pursuant to the Open Offer .
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2012.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA NET TANGIBLE ASSETS OF THE GROUP****BAKER TILLY**

HONG KONG LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

2nd Floor, 625 King's Road, North Point, Hong Kong

The Directors

**Aurum Pacific (China) Group Limited**

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (liabilities) (the “**Unaudited Pro Forma Net Tangible Assets (Liabilities)**”) of Aurum Pacific (China) Group Limited (the “**Company**”) and its subsidiaries upon completion of the Acquisition (collectively the “**Group**”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the transactions contemplated under the Open Offer, might have affected the unaudited pro forma consolidated net tangible assets of the Group as at 30 June 2012, after the completion of the Resumption and the Acquisition, as extracted from published unaudited pro forma financial information of the Group (Resumption has been effected) as set out in Appendix III to the circular of the Company in relation to the Acquisition dated 10 December 2012, as if it had taken place and completed on 30 June 2012, for the inclusion in Appendix III to the circular of Company dated 4 January 2013 (the “**Circular**”). The basis of preparation of the Unaudited Pro Forma Net Tangible Assets (Liabilities) is set out on page 47 to the Circular.

**Respective responsibilities of directors of the Company and the Reporting Accountant**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Net Tangible Assets (Liabilities) in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 7.31(1) of the GEM Rules, on the Unaudited Pro Forma Net Tangible Assets (Liabilities) and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Net Tangible Assets (Liabilities) beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Net Tangible Assets (Liabilities) with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Net Tangible Assets (Liabilities) has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Net Tangible Assets (Liabilities) as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

The Unaudited Pro Forma Net Tangible Assets (Liabilities) is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the consolidated net tangible assets (liabilities) per share of the Group as at 30 June 2012 or at any future date.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Net Tangible Assets (Liabilities) has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Net Tangible Assets (Liabilities) as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

**Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

**Andrew David Ross**

Practising Certificate Number P01183

Hong Kong, 4 January 2013

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the Share Consolidation becoming effective and completion of the Open Offer are as follows:

### As at the Latest Practicable Date

*Authorised share capital:* HK\$

<u>4,000,000,000</u>	Shares of HK\$0.01 each	<u>40,000,000.00</u>
----------------------	-------------------------	----------------------

*Issued and fully paid:*

<u>200,000,000</u>	Existing Shares of HK\$0.01 each	<u>2,000,000.00</u>
--------------------	----------------------------------	---------------------

### Upon the Share Consolidation becoming effective and completion of the Open Offer

*Authorised share capital:* HK\$

<u>2,000,000,000</u>	Shares of HK\$0.02 each	<u>40,000,000.00</u>
----------------------	-------------------------	----------------------

*Issued and fully paid:*

100,000,000	Consolidated Shares (immediately after the Share Consolidation becoming effective)	2,000,000.00
-------------	---	--------------

<u>400,000,000</u>	Offer Shares to be issued	<u>8,000,000.00</u>
--------------------	---------------------------	---------------------

<u>500,000,000</u>	Consolidated Shares	<u>10,000,000.00</u>
--------------------	---------------------	----------------------

All the Existing Shares in issue, Consolidated Shares and Offer Shares to be issued rank and will rank pari passu in all respects with each other. The Offer Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other Stock Exchange.

As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible or exchangeable securities.

### 3. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the following directors or chief executives of the Company or their associates had, or were deemed or taken to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations, as notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the Securities and Futures ordinance (the “SFO”), or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors as follows:

Name of Director	Nature of interest	Number of Shares	Approximate % of the shareholding
Mr. Lau	Corporate Interest ( <i>Note</i> )	142,993,481	71.50%

*Note:* The interest in the Shares of Mr. Lau is held through Prime Precision Holdings Limited as the sole shareholder and director and is deemed to be interested in the shares held by Prime Precision Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, no interest or short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executives or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.57 of the GEM Listing Rules relating to securities transactions by the Directors.

#### 4. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the following shareholders had interests, directly or indirectly, or short positions in the shares or underlying shares of the Company 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

*Position in the Existing Shares and underlying Shares of the Company*

Name of Shareholder	Capacity	Number of issued Shares held	Approximate % of the shareholding
Prime Precision Holdings Limited	Beneficial owner (Note 1)	142,993,481 (L)	71.50%
Mr. Lau	Interest of a controlled corporation (Note 1)	142,993,481 (L)	71.50%
Simplex Technology Investment (Hong Kong) Co. Limited (“Simplex”)	Beneficial owner (Note 2)	16,896,363 (L)	8.45%
Shanghai Jiaoda Industrial Investment Management (Group) Limited (“Jiaoda Industrial Group”)	Interest of a controlled corporation (Note 2)	16,896,363 (L)	8.45%
Shanghai Jiao Tong University	Interest of a controlled corporation (Note 2)	16,896,363 (L)	8.45%

*The letter “L” denotes the entity’s interests in the Shares.*

*Notes:*

1. The interests in the shares of Mr. Lau is held through Prime Precision Holdings Limited, the entire issued share capital of which was beneficially and ultimately owned by Mr. Lau. By virtue of the SFO, Mr. Lau is deemed to be interested in Shares held by Prime Precision Holdings Limited.
2. 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, an entity wholly owned by Shanghai Jiao Tong University.



*Position in the Offer Shares*

Name of Shareholders	Capacity	Number of Consolidated Shares held	Approximate % of the Company's issued share capital (as enlarged by the issue of the Offer Shares)
The Underwriter	Beneficial owner	114,013,040	22.80%
Mrs. Chu Yuet Wah ("Mrs. Chu") ( <i>Note</i> )	Interest of a controlled corporation	114,013,040	22.80%

*Note:* The 114,013,040 Consolidated Shares are the maximum number of the Offer Shares which the Underwriter has undertaken to underwrite in respect of the Open Offer. The Underwriter is wholly owned by Galaxy Sky Investments Limited, which in turn is wholly owned by Kingston Capital Asia Limited. The latter is wholly owned by Kingston Financial Group Limited, which is in turn owned as to 40.48% by Active Dynamic Limited, which is in turn wholly owned by Mrs. Chu. Mrs. Chu is therefore deemed to be interested in the 114,013,040 Consolidated Shares held by the Underwriter under the SFO.

Save as disclosed herein, as at the Latest Practicable Date, the Company was not aware of any other person (other than the Directors or chief executive of the Company) who had, or were deemed or taken to have, an interest, directly or indirectly, or short position in the shares and underlying shares of the Company 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 5. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which a Director was materially interested which was significant in relation to the business of the Group.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or controlling shareholders or substantial Shareholders or any of their respective associates had any interests in a business which competes or is likely to compete, either directly or indirectly with the business of the Group.

## 7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and any member of the Company which were not expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation).

## 8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

## 9. MATERIAL CONTRACTS

The following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Group within two years immediately preceding the date of this circular and or may be material:

- (a) the Underwriting Agreement;
- (b) the sale and purchase agreement dated 26 June 2012 in relation to an acquisition of KanHan Technologies Limited, which is principally engaged in the provision of information technology solutions targeting the Hong Kong and PRC markets with primary focus in the government industry sector aiming to facilitate communications between the public and the government departments or private corporations via websites, telephones, and mobile phones using voice (e.g. Interactive Voice Response System) and data (e.g. mobile applications) channels, at a consideration of HK\$28 million to be settled in cash or cheque, details of which has been set out in the Acquisition Circular. Completion of the Acquisition took place on 31 December 2012;
- (c) the loan facilities letter dated 11 April 2012 (and as supplemented by side letters dated 26 June 2012 and 15 November 2012) having signed and delivered to the Company by Prime Precision Holdings Limited in relation to the grant of loan facilities of up to HK\$40 million by Mr. Lau to the Company;
- (d) the deed of waiver dated 11 April 2012 entered into between Pearlica Technologies Limited, being a wholly-owned subsidiary of the Company, and Hong Chang Group Limited in relation to the debt of approximately HK\$40 million owed by Pearlica Technologies Limited to Hong Chang Group Limited;
- (e) the deed of waiver dated 11 April 2012 entered into between the Company and Hong Sheng Group Limited in relation to the waiver of debt of approximately HK\$1.71 million owed by the Company to the Hong Sheng Group Limited; and

- (f) the sale and purchase agreement dated 31 March 2011 (as supplemented by the supplemental sale and purchase agreement dated 7 April 2011) entered into between the Company as vendor and Hong Yue Limited as purchaser in relation to the disposal of 100% of Max Honour International Limited. Completion of the disposal took place on 24 June 2011 and the consideration was approximately HK\$5.31 million.

## 10. EXPERTS AND CONSENTS

The following are the names and the qualification of the experts who have given opinions and advices which are included in this circular:

<b>Name</b>	<b>Qualification</b>
Kingston Securities	Licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
Baker Tilly Hong Kong Limited	Certified Public Accountants
Vinco Capital	Licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2011, being the date to which the latest published audited accounts of the Company were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of references to its name and/or its opinion in the form and context in which they respectively appear.

## 11. EXPENSES

The estimated expenses in connection with the Share Consolidation and the Open Offer (including but not limited to the underwriting commission, printing, registration, translation, financial advisory, legal, other professional and accounting charges) are estimated to amount to approximately HK\$3.9 million and are payable by the Company.

## 12. PARTICULARS OF DIRECTORS

### (i) Executive Directors

*Mr. Lau Man Tak*

Address: 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

Mr. Lau, age 43, holds a bachelor degree in Accountancy from the Hong Kong Polytechnic University. He has more than 15 years of experience in corporate finance, accounting and auditing. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. As at the Latest Practicable Date, Mr. Lau is an independent non-executive director of AMCO United Holdings Limited (stock code: 630), Climax International Company Limited (stock code: 439), Kingston Financial Group Limited (stock code: 1031), Kong Sun Holdings Limited (stock code: 295) and Sincere Watch (Hong Kong) Limited (stock code: 444). Mr. Lau was also an executive director and chief financial officer of China Sandi Holdings Limited (formerly known as China Grand Forestry Green Resources Group Limited) (stock code: 910) from April 2010 to September 2012 and an executive director of Warderly International Holdings Limited (stock code: 607) from December 2007 to January 2010. As disclosed in the announcement of Warderly International Holdings Limited dated 6 May 2009, Warderly International Holdings Limited is carrying out schemes of arrangement with the relevant scheme creditors.

Save as disclosed, Mr. Lau did not hold directorship in any other listed companies or had any other major appointment and qualifications during the last three years prior to the Latest Practicable Date. Mr. Lau does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders.

As at the Latest Practicable Date, Mr. Lau is the sole shareholder and director of Prime Precision Holdings Limited, which holds 142,993,481 Shares representing approximately 71.50% of the entire issued share capital of the Company and accordingly is deemed to be interested in the aforesaid 142,993,481 Shares held by Prime Precision Holdings Limited within the meaning of Part XV of the SFO.

Mr. Lau is also the compliance officer of the Company.

*Mr. Mo Wai Ming, Lawrence*

Address: 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

Mr. Mo, aged 53, has been appointed as an executive director and the Chief Executive Officer of the Company upon completion of the Acquisition on 31 December 2012. Mr. Mo founded his first company CompuFont Limited in 1989 to develop Asian language technologies for display and printing, which were later licensed by Microsoft for use in its nascent Chinese version of Windows 3.0 product for personal computers. CompuFont Limited was in 1991 acquired by a Taiwan based software technology company, DynaLab Inc. which was engaged in the development and sales of solutions on local language computing for Chinese, Japanese and Korean (CJK) for electronic and Internet publishing, where Mr. Mo continued his service as the Managing Director of Hong Kong branch of DynaLab Inc. and various management roles until 1999 when he left to found KanHan Technologies Limited. Mr. Mo is an expert in CJK language font technology for PC and professional publishing market. Mr. Mo holds a degree in computer science from the University of Toronto, Canada and has over 30 years experience in technology development, selling and business startup in the information technology industry and over 10 years experience in the development and sales of solutions on local language computing for Asian languages and for electronic and internet publishing. Mr. Mo was an executive director of China Digital Licensing (Group) Limited (stock code: 8175) resigned in January 2009.

Save as disclosed, Mr. Mo did not hold directorship in any other listed companies or had any other major appointment and qualifications during the last three years prior to the Latest Practicable Date. Mr. Mo does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders.

As at the Latest Practicable Date, Mr. Mo did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

**(ii) Senior management of the Group**

*Business Development Director*

Address: 22/F Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

**Ms. Emma Wong**, aged 37, is the business development director of KanHan Technologies Limited, a wholly-owned subsidiary of the Company (“**KanHan**”). With a marketing background, she joined KanHan in May 2005 and the Group upon the completion of the Acquisition and now has the overall responsibility of the sales and marketing of KanHan's products. Ms. Wong has a bachelor degree in marketing from University of Science and Technology, Hong Kong.

Ms. Wong did not hold directorship in any other listed companies or had any other major appointment and qualifications during the last three years prior to the Latest Practicable Date. Ms. Wong does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders.

As at the Latest Practicable Date, Ms. Wong did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

*Manager, Technical Department*

Address: 22/F Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

**Mr. Aaron Tsoi Kwan La**, aged 31, graduated from University of Melbourne, Bachelor of Computer Science. He joined KanHan since December 2003 and the Group upon the completion of the Acquisition having over 10 years' IT experience. He rose through the ranks from junior programmer to head of the technical team responsible for product development and service delivery.

Mr. Tsoi is mainly responsible for database design, system analysis, software design, programming (e.g. java, php, jsp, flash). Mr. Tsoi is the key developer in HanPHONE IVR product. From technologies development, design system structure to implementation of the platforms, Mr. Tsoi has over 8 years' experience to handle different scenarios in different industries and associations.

Mr. Tsoi did not hold directorship in any other listed companies or had any other major appointment and qualifications during the last three years prior to the Latest Practicable Date. Mr. Tsoi does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders.

As at the Latest Practicable Date, Mr. Tsoi did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

**(iii) Independent non-executive Directors and the Audit Committee**

The audit committee comprised three independent non-executive directors throughout the year ended 31 December 2011 namely Mr. Chi Chi Hung, Kenneth (Chairman), Mr. Chan Wai Fat and Mr. Chui Kwong Kau.

*Mr. Chi Chi Hung Kenneth*

Address: 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

Mr. Chi, aged 44, was appointed as an independent non-executive Director on 8 March 2010. Mr. Chi has over 20 years of experience in accounting and financial control area. He holds a Bachelor of Accountancy Degree from the Hong Kong Polytechnic University and is a fellow member of Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Chi is currently an executive director of each of Hua Yi Copper Holdings Limited (stock

code: 559), China Sandi Holdings Limited (formerly known as China Grand Forestry Green Resources Group Limited) (stock code: 910), M Dream Inworld Limited (stock code: 8100) and Morning Star Resources Limited (stock code: 542). He is also an independent non-executive director of each of ZMAY Holdings Limited (stock code: 8085), Noble Century Investment Holdings Limited (formerly known as Sam Woo Holdings Limited) (stock code: 2322), China Natural Investment Company Limited (stock code: 8250), Perfect Shape (PRC) Holdings Limited (stock code: 1830) and Goodtop Tin International Holdings Limited (stock code: 195). He was an independent non-executive director of Interchina Holdings Company Limited (stock code: 202) from October 2011 to August 2012.

*Mr. Chan Wai Fat*

Address: 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

Mr. Chan, aged 44, has been appointed as an independent non-executive Director of the Company with effect from 14 July 2008. Mr. Chan is currently a Senior Vice President of a securities house in Hong Kong. Mr. Chan holds a bachelor degree of commerce from The University of Western Australia and a master degree of business administration from Deakin University, Australia. He has years of experience in compliance, accounting and financial management in securities industry and has worked for international accounting firms and listed company in Hong Kong. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia.

*Mr. Chui Kwong Kau*

Address: 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

Mr. Chui, aged 45, has been appointed as an independent non-executive Director of the Company with effect from 17 March 2010. Mr. Chui has over 15 years' experiences in accounting and auditing fields, including over 10 years' accounting and auditing experience in other public listed companies. Mr. Chui is currently an executive in other public listed companies. Mr. Chui is currently an executive director of each of China Energy Development Holdings Limited (stock code: 228) and ZMAY Holdings Limited (stock code: 8085).

The audit committee is set up based on the guidelines recommended by the Hong Kong institute of Certified Public Accountants to evaluate the overall effectiveness of the internal control and risk management frameworks, to review the accounting principles and practices adopted by the Group and other financial reporting matters and ensure the completeness, accuracy and fairness of the financial statements and to oversee the relationship with the external auditors.



**(iv) Company Secretary**

**Ms. Wong Chi Yan**, holds a Bachelor of Business Administration degree in Accounting from Hong Kong Baptist University and is an associate member of the Hong Kong Institute of Certified Public Accountants. She has extensive experiences in auditing and accounting.

Address: 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong

**13. CORPORATE INFORMATION AND PARTIES INVOLVED**

Registered address	Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	22/F, Hua Fu Commercial Building 111 Queen's Road West, Hong Kong
Authorised representatives	Mr. Lau and Ms. Wong Chi Yan 22/F, Hua Fu Commercial Building 111 Queen's Road West, Hong Kong
Company secretary	Ms. Wong Chi Yan
Compliance officer	Mr. Lau
Financial adviser to the Company	Veda Capital Limited Suite 3214, 32/F, COSCO Tower 183 Queen's Road Central, Hong Kong
Underwriter	Kingston Securities Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
Independent financial adviser	Grand Vinco Capital Limited Units 4909–10, 49/F., The Center 99 Queen's Road Central, Hong Kong
Legal advisers	<i>As to Hong Kong Law</i> Michael Li & Co. 19/F, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong



	<i>As to the Cayman Islands Law</i> Conyers Dill & Pearman (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
Auditors	BDO Limited 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Reporting Accountant	Baker Tilly Hong Kong 2nd Floor, 625 King's Road North Point, Hong Kong
Principal share registrar and transfer office in Cayman Islands	HSBC Trustee (Cayman) Limited PO Box 484 HSBC House 68 West Bay Road Grand Cayman KY1-1106 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Principal banker	Bank of China (Hong Kong) Limited Standard Chartered Bank (Hong Kong) Limited

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at the principal place of business of the Company in 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 23 of this circular;
- (c) the letter of advice from Vinco Capital, the text of which is set out on pages 24 to 38 of this circular;
- (d) the interim report of the Company for the six months ended 30 June 2012 and the annual reports of the Company for each of the two financial years ended 31 December 2010 and 2011;
- (e) the statement of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II of this circular;
- (f) the statement of the unaudited pro forma consolidated net tangible asset of the Group, the text of which is set out in Appendix III of this circular;
- (g) the material contracts as entered into by the Group as referred to in the paragraph headed "Material Contracts" in this appendix;
- (h) the Acquisition Circular;
- (i) the written consent referred to in the paragraph headed "Experts and Consents" in this appendix;
- (j) the Underwriting Agreement;
- (k) the Investor's Undertaking; and
- (l) this circular.

**15. MISCELLANEOUS**

The English text of this circular shall prevail over Chinese text in case of any inconsistency.

**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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Aurum Pacific (China) Group Limited (the “**Company**”) will be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong at 11:00 a.m. on 21 January 2013 for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

**ORDINARY RESOLUTIONS**

1. “**THAT**

subject to and conditional upon, among others, the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the issued ordinary shares of the Company consolidated in the manner as set out in paragraph (a) of this resolution below (the “**Share Consolidation**”):

- (a) with effect from the day immediately following the date on which this resolution is passed, being a day on which shares are traded on the Stock Exchange, every two (2) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company be consolidated into one share of HK\$0.02 (each a “**Consolidated Share**”), such Consolidated Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company;
- (b) the directors of the Company (the “**Directors**”) be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary, desirable or expedient to give effect to the foregoing arrangements for the Share Consolidation.”

2. “**THAT**

- (a) subject to and conditional upon the passing of resolution 1 above and fulfillment of the conditions of the Underwriting Agreement (as defined below), the Open Offer (as defined below) (including the absence of excess application and the alternative arrangement) and the transactions contemplated thereunder be and are hereby approved;

For the purpose of this resolution, “**Open Offer**” means the proposed issue by way of open offer of 400,000,000 new Consolidated Shares as offer shares (the “**Offer Shares**”) at a subscription price of HK\$0.15 per Offer Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company

## NOTICE OF EGM

whose names appear on the date by reference to which entitlement under the Open Offer will be determined (other than those shareholders (the “**Excluded Shareholders**”) with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Open Offer to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of four (4) Offer Shares for every one (1) Consolidated Share then held and otherwise pursuant to and subject to the fulfillment of the conditions of terms set out in the underwriting agreement (the “**Underwriting Agreement**” including all supplemental agreements relating thereto) (a copy of which have been produced to this Meeting marked “A” and signed by the chairman of this Meeting for the purpose of identification) dated 21 December 2012 and made between the Company and Kingston Securities Limited as underwriter (the “**Underwriter**” or “**Kingston Securities**”);

- (b) the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Excluded Shareholders as they deem necessary, desirable or expedient to having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong;
- (c) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by Prime Precision Holdings Limited) be and are hereby approved, confirmed and ratified;
- (d) the absence of any arrangements for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer be and are hereby approved, confirmed and ratified; and

## NOTICE OF EGM

- (e) any Director be and hereby authorised to sign or execute such documents and do all acts and things in connection with the allotment and issue of the Offer Shares, the implementation of the Open Offer and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree to make such variations of the terms of the Underwriting Agreement as he may in his discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders."

By Order of the Board  
**Aurum Pacific (China) Group Limited**  
**Lau Man Tak**  
*Chairman*

Hong Kong, 4 January 2013

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

22/F, Hua Fu Commercial Building  
111 Queen's Road West  
Hong Kong

*Notes:*

1. A form of proxy for use at the meeting is enclosed herewith.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the branch share registrars of the Company, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
4. Completion and return of this form will not preclude you from attending and voting at the meeting if you so wish. If you attend and vote at the meeting, the authority of your proxy will be revoked.
5. In the case of joint registered holders of any shares, any one of them may vote at the meeting, either personally or proxy, in respect of such shares as if he/she was solely entitled thereto; but if more than one joint registered holder is present at the meeting, either personally or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other joint registered holders.
6. As at the date of this notice, the Board comprises two executive Directors, namely Mr. Lau Man Tak and Mr. Mo Wai Ming, Lawrence; and three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau.