

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer or this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

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 Composite Document and the accompanying Form of Acceptance, make no representation as to their 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 Composite Document and the accompanying Form of Acceptance.

Prime Precision Holdings Limited

*(incorporated in the British Virgin Islands
with limited liability)*

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)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL GENERAL OFFER BY**



KINGSTON SECURITIES LTD.

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

**Financial adviser to
Prime Precision Holdings Limited**



KINGSTON CORPORATE FINANCE LTD.

**Financial adviser to
Aurum Pacific (China) Group Limited**

VEDA | CAPITAL
智 略 資 本

Independent financial adviser to the Independent Board Committee

VINCO 城高

Grand Vinco Capital Limited

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

Capitalised terms used in this cover page shall have the same respective meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Kingston Securities containing, among other things, the details of the terms of the Offer is set out on pages 6 to 12 of this Composite Document.

A letter from the Board is set out on pages 13 to 17 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 18 to 19 of this Composite Document.

A letter from Vinco Capital containing its advice and recommendation in respect of the Offer to the Independent Board Committee is set out on pages 20 to 31 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the share registrar and transfer office of Aurum Pacific (China) Group Limited in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Tuesday, 29 May 2012 or such later time(s) and/or date(s) as Prime Precision Holdings Limited may determine and announce in accordance with the requirements of the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or, the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the sub-paragraph headed "Overseas Shareholders" under the paragraph headed "The Offer" in the "Letter from Kingston Securities" of this Composite Document and in paragraph 7(h) of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the GEM website at www.hkgem.com and on the website of Aurum Pacific (China) Group Limited at www.aurumpacific.com.hk as long as the Offer remains open.

8 May 2012

CHARACTERISTICS OF GEM

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

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

CONTENTS

	<i>Page</i>
Expected timetable	iii
Definitions	1
Letter from Kingston Securities	6
Letter from the Board	13
Letter from the Independent Board Committee	18
Letter from Vinco Capital	20
Appendix I — Further procedures for acceptance of the Offer	I-1
Appendix II — Financial information of the Group	II-1
Appendix III — General information	III-1
 Accompanying document	
— Form of Acceptance	

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made as and when appropriate. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong times and dates.

2012

Despatch date of this Composite Document and the
commencement date of the Offer Tuesday, 8 May

Closing Date (*Note 1*) Tuesday, 29 May

Latest time and date for acceptance of the Offer (*Notes 1 and 3*) 4:00 p.m. on Tuesday, 29 May

Announcement of the results of the Offer as at
the Closing Date to be posted on the
Stock Exchange's website (*Note 1*) by 7:00 p.m. on Tuesday, 29 May

Latest date for posting of remittances for the amounts due
under the Offer in respect of valid acceptances (*Notes 2 and 3*) Thursday, 7 June

Notes:

1. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Tuesday, 29 May 2012.
2. Remittances in respect of the consideration payable for the Shares tendered under the Offer will be despatched to the accepting holders of the Offer Shares by ordinary post at their own risk as soon as possible but in any event within 7 Business Days after the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.
3. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 above, or a "black" rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. Instead the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. Instead the latest time for acceptance of the Offer and the posting of remittances 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.

Save to the above, if the latest time for the acceptance of the Offer and the posting of remittances does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Composite Document, the following expressions have the following meanings set out below unless the context otherwise requires:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 30 December 2011 in relation to, among other things, (i) the possible disposal of the Sale Shares, (ii) the possible change in control of the Company, and (iii) the consequential general offer following the said disposal
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules and the Takeovers Code (as the case may be)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	29 May 2012, being the closing date of the Offer which is 21 days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror with consent of the Executive
“Company”	Aurum Pacific (China) Group Limited (stock code: 8148), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Share Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	the date of the Sale and Purchase Agreement on which Completion takes place, being 11 April 2012
“Composite Document”	this composite offer and response document dated 8 May 2012 issued jointly by the Offeror and the Company in relation to the Offer
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	director(s) of the Company from the time to time

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facilities Letter”	the loan facilities letter dated 11 April 2012 having signed and delivered to the Company by the Offeror in relation to the grant of loan facilities of up to HK\$20 million by the Offeror to the Company. Details of which are set out in the Joint Announcement
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Chang”	Hong Chang Group Limited, solely and beneficially owned by Ms. Xing Xiao Jing, the spouse of Mr. Cheung Yu Ping. Ms. Xing Xiao Jing is also the sole director of Hong Chang Group Limited
“Hong Chang Deed of Waiver”	the deed of waiver dated 11 April 2012 entered into between Pearlica and Hong Chang in relation to the debt of approximately HK\$1.12 million owed by Pearlica to Hong Chang. Details of which are set out in the Joint Announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected person(s) of the Company and is/are not connected person(s) of the Company
“Joint Announcement”	the announcement dated 17 April 2012 jointly issued by the Offeror and the Company in relation to, among others, the Share Acquisition and the Offer
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO

DEFINITIONS

“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Last Trading Day”	21 March 2007, being the last trading day prior to the date of the Joint Announcement and the Suspension
“Latest Practicable Date”	4 May 2012, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Mr. Lau”	Mr. Lau Man Tak, the sole shareholder and director of the Offeror
“Offer”	the mandatory unconditional general offer by Kingston Securities on behalf of the Offeror for all the Shares other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from the date of the Announcement and ending on the Closing Date
“Offer Price”	the price at which the Offer will be made, i.e. at HK\$0.15 per Offer Share
“Offer Share(s)”	Share(s) in respect of which the Offer is made, being Share(s) not already owned by the Offeror and parties acting in concert with it
“Offeror”	Prime Precision Holdings Limited, the offeror of the Offer, a company incorporated in the BVI with limited liability, wholly-owned by Mr. Lau
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
“Pearlica”	Pearlica Technologies Limited, being a wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, Macau Special Administrative Regions of PRC and Taiwan
“Registrar”	Tricor Tengis Limited, being the share registrar and transfer office of the Company in Hong Kong, whose address is at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong

DEFINITIONS

“Relevant Period”	the period commencing on the date falling six months preceding the commencement of the Offer Period on 30 December 2011, up to and including the Latest Practicable Date
“Resumption”	the resumption of trading in the Shares on GEM
“Resumption Proposal”	the proposal complied 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 and the SFC (where necessary) on the Resumption
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 March 2012 entered into between the Vendor and the Offeror in relation to the sale and purchase of Sale Shares
“Sale Shares”	142,651,965 Shares acquired by the Offeror from the Vendor pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Acquisition”	the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Suspension”	the suspension of trading in the Shares since 22 March 2007
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	means a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur
“Vendor”	Hong Sheng Group Limited, being the vendor to the Sale and Purchase Agreement, a company incorporated in the BVI with limited liability, owned as to 51% by Mr. Cheung Yu Ping, an executive Director, and as to 49% by Ms. Cai Dongmei

DEFINITIONS

“Vendor Deed of Waiver”	the deed of waiver dated 11 April 2012 entered into between the Vendor and the Company in relation to the debt of approximately HK\$1.71 million owed by the Company to the Vendor. Details of which are set out in the Joint Announcement
“Vinc Capital”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited (stock code: 8340), a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM KINGSTON SECURITIES



KINGSTON SECURITIES LTD.

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central, Hong Kong

8 May 2012

To the Independent Shareholders

Dear Sir or Madam,

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

INTRODUCTION

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

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

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Vinco Capital” as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

LETTER FROM KINGSTON SECURITIES

THE OFFER

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

Principal terms of the Offer

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

For each Offer Share HK\$0.15 in cash

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

Comparison of value

As at 31 December 2011, the Group had audited net liabilities of approximately HK\$4.55 million, representing net liabilities of approximately HK\$0.023 per Share.

The Offer Price of HK\$0.15 per Offer Share represents a discount of approximately 51.61% to the closing price of HK\$0.31 per Share as quoted by the Stock Exchange on the Last Trading Day.

Highest and lowest Share prices

Trading in the Shares has been suspended since 22 March 2007. The closing price of the Shares on the Last Trading Day was HK\$0.31.

Value of the Offer

Based on the Offer Price of HK\$0.15 per Share and 200,000,000 Shares in issue as at the date of Joint Announcement, the entire issued share capital of the Company is valued at HK\$30 million. As at the date of the Joint Announcement and upon Completion, the Offeror and parties acting in concert with it are interested in 142,651,965 Shares. As such, 57,348,035 issued Shares will be subject to the Offer and the Offer is valued at HK\$8,602,205.25.

Financial resources available to the Offeror

The financial resources required by the Offeror to fund the full acceptance of the Offer is expected to be approximately HK\$8.6 million, which will be financed by the internal resources of the Offeror. Kingston Corporate Finance, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptances of the Offer.

LETTER FROM KINGSTON SECURITIES

Effect of accepting the Offer

By accepting the Offer, the relevant Shareholders will sell their Shares to the Offeror free from all liens, claims and encumbrances and together with all rights attaching to them as at the Completion Date, including the right to receive all dividends and distributions declared, paid or made, if any, on or after the Completion Date.

Stamp duty

Seller's ad valorem stamp duty payable by the relevant Shareholders who accept the Offer is calculated at a rate of 0.1% of: (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within 7 Business Days after the date on which the relevant documents of title and duly completed acceptance(s) are received by the Offeror to render each such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Other arrangements

As at the Latest Practicable Date, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 of Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company, and there is no agreement or arrangement to which the Offeror or Mr. Lau is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

As at the Latest Practicable Date, none of the Offeror, Mr. Lau and parties acting in concert with any one of them has received any irrevocable commitment to accept or reject the Offer; and none of the Offeror, Mr. Lau and parties acting in concert with any one of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company. None of the Offeror, Mr. Lau and parties acting in concert with any one of them has entered into any contract in relation to the outstanding derivatives in respect of securities in the Company.

Overseas Shareholders

The Offer will be related to securities of a company incorporated in the Cayman Islands and will be subject to the procedure and disclosure requirements of Hong Kong securities laws and regulations, which may be different from other jurisdictions. Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the

LETTER FROM KINGSTON SECURITIES

obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Shareholders in respect of such jurisdiction).

Acceptances of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below shareholders structure of the Company immediately before Completion, immediately after Completion and as at the Latest Practicable Date.

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

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

As at the Latest Practicable Date, (i) the Company had no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares; and (ii) save for the Sale Shares acquired through the Share Acquisition by the Offeror and parties acting in concert with it, none of the Offeror, its directors, nor the parties acting in concert with the Offeror has held, owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares during the Relevant Period.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability and is wholly owned by Mr. Lau, who is the sole director of the Offeror. Immediately after Completion, the Offeror and parties acting in concert with it were interested in 142,651,965 Shares, representing approximately 71.33% of the entire issued share capital of the Company as at the Latest Practicable Date. Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial owner are Independent Third Parties.

LETTER FROM KINGSTON SECURITIES

Mr. Lau Man Tak

Mr. Lau, aged 42, 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.

Mr. Lau is currently an executive director and chief financial officer of China Grand Forestry Green Resources Group Limited (stock code: 910) and 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) and Kong Sun Holdings Limited (stock code: 295).

INTENTION OF THE OFFEROR REGARDING THE GROUP

Notwithstanding trading of the Shares has been suspended since 22 March 2007, having discussed with the management of the Group and considered the transactions contemplated under the Resumption Proposal, the Offeror considers that the prospects of the Group, in particular the proposed acquisition of an IT business as mentioned in the Announcement and under the Resumption Proposal, remains viable in the long-run and hence proceeded the transactions under the Sale and Purchase Agreement and the Offer. The Directors confirm that negotiations on the proposed acquisition of an IT business engaged in a patented server based font technology for its real time on-line communications software platforms as mentioned in the Announcement were still ongoing as at the Latest Practicable Date. Further announcement will be made by the Company in due course.

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

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

The Offeror intends to nominate Mr. Lau and up to two other new Directors to the Board. Such appointments will be made in accordance with the Takeovers Code and the GEM Listing Rules. It is expected that Mr. Cheung Yu Ping will resign as executive Director after the close of the Offer. Save as

LETTER FROM KINGSTON SECURITIES

the aforesaid, the Offeror does not intend to re-deploy the employees of the Group. Accordingly, the existing business will continue to be operated by the existing employees under the supervision and management of the new executive Board.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of the Shares after the close of the Offer.

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

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

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

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

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

SUSPENSION OF TRADING

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

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

TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting the Offer. It is emphasised that none of the Offeror and parties acting concert with it, the Company, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer or any of their respective agents accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Offer.

LETTER FROM KINGSTON SECURITIES

ACCEPTANCE AND SETTLEMENT

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

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to paragraph 7(h) in Appendix I to this Composite Document.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to the Independent Shareholders whose name appears first in the register of members of the Company. None of the Offeror and parties acting concert with it, the Company, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar or any of their respective directors or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which forms part of this Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Nicholas Chu
Director

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 Directors:

Mr. Cheung Yu Ping

Mr. Lee Ah Sang

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 Office
in Hong Kong:*

Unit 903, 9/F, Wings Building,
110–116 Queen's Road Central,
Central, Hong Kong

8 May 2012

To the Independent Shareholders

Dear Sir or Madam,

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

INTRODUCTION

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

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

LETTER FROM THE BOARD

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

THE OFFER

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

Based on the Offer Price of HK\$0.15 per Share, which is equal to the price per Share paid by the Offeror under the Sale and Purchase Agreement, and 200,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$30 million. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 142,651,965 Shares. As such, 57,348,035 Shares will be subject to the Offer and the Offer is valued at HK\$8,602,205.25.

Principal terms of the Offer

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

For each Offer Share HK\$0.15 in cash

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

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

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

INFORMATION OF THE COMPANY

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

LETTER FROM THE BOARD

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

SHAREHOLDING STRUCTURE OF THE COMPANY

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

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

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

INFORMATION AND INTENTION OF THE OFFEROR

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

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

LETTER FROM THE BOARD

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

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

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

MAINTAINING LISTING STATUS OF THE COMPANY

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

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

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

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

RECOMMENDATION

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

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

SUSPENSION OF TRADING

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

LETTER FROM THE BOARD

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

ADDITIONAL INFORMATION

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

By Order of the Board
Aurum Pacific (China) Group Limited
Cheung Yu Ping
Chairman

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)

8 May 2012

To the Independent Shareholders

Dear Sirs or Madams,

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

INTRODUCTION

We refer to the composite offer and response document dated 8 May 2012 jointly issued by the Company and the Offeror (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise and make recommendations to the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and as to acceptance of the Offer. Vinco Capital has been appointed as the independent financial adviser to advise us in respect of the terms of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such advice, are set out in the “Letter from Vinco Capital” on pages 20 to 31 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the letter from the Board, the letter from Kingston Securities and the additional information set out in the appendices to this Composite Document.

Taking into account the terms of the Offer and the independent advice from Vinco Capital, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer. Independent Shareholders are recommended to read the full text of the letter from Vinco Capital set out in the Composite Document.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Chi Chi Hung, Kenneth Mr. Chan Wai Fat Mr. Chui Kwong Kau

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 respect of the Offer which has been prepared for the purpose of incorporation in this Composite Document:



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

8 May 2012

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

Dear Sirs,

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

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the Composite Document jointly issued by the Offeror and the Company to the Shareholders dated 8 May 2012 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Composite Document unless the context otherwise requires.

The Offeror and the Company jointly announced that on 30 March 2012, the Offeror (as purchaser) and the Vendor entered into the unconditional Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, the Sale Shares of 142,651,965 Shares, representing approximately 71.33% of the entire issued share capital of the Company as at both the date of the Sale and Purchase Agreement and the date of Completion. Under Rule 26.1 of the Takeovers Code, the Offeror and the parties acting in concert with it are required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it and its parties acting in concert. The principal terms of the Offer are set out under the section headed “The Offer” of the Letter from Kingston Securities, which is making the Offer on behalf of the Offeror, in the Composite Document.

LETTER FROM VINCO CAPITAL

The Independent Board Committee, comprising Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau, all being the independent non-executive Directors who are independent of the Offeror, has been formed to advise the Independent Shareholders in respect of the Offer. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the Company, the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Composite Document were true, complete and accurate at the time when they were made and continue to be true, complete and accurate at the date of the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, incomplete, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and recommendations. The Directors have declared in a responsibility statement set out in the Appendix III to the Composite Document that they collectively and individually accept full responsibility for the accuracy of the information contained in the Composite Document (other than those information relating to the Offeror). We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinions, we have not considered the tax implications on the Independent Shareholders arising from acceptances or non-acceptances of the Offer as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consult their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, we are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come or be brought to our attention after the end of the Offer Period. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the Listing Rules.

This letter is issued for the Independent Board Committee and the Independent Shareholders solely in respect of the Offer and, except for its inclusion in the Composite Document, 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.

LETTER FROM VINCO CAPITAL

C. 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 Offer, we have considered the principal factors and reasons set out below:

1. Review on the financial information and prospects of the Group

Historical financial performance of the Group

The Group is principally engaged in the provision of information localisation services, the development and sale of software and custom-made solutions. During the financial year ended 31 December 2011, the Group (i) disposed of the business of trading of computer equipment and related accessories in June 2011; and (ii) further scales down the business of developing and implementing its existing custom-made solutions. As discussed with the management of the Company and as set out in the Resumption Proposal, the Company could enhance better resources distribution to focus on identifying investment opportunities which are engaging the business of provision of custom-made solutions and there is an potential investment opportunity of acquiring an IT business engaging a patented server based font technology for its real time on-line communications software platforms.

Based on the information as set out in the annual reports of the Company for the two years ended 31 December 2011 (the “2010 Annual Report” and “2011 Annual Report” respectively), the key financial information of the Group are summarised as follow:

	For the year ended 31 December		
	2011	2010	2009
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	7,019	38,892	36,941
(Loss)/ profit for the year	(3,102)	119	11,870

	As at 31 December		
	2011	2010	2009
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	92	198	273
Current assets	5,425	11,816	11,132
Non-current liabilities	(1,146)	(1,078)	(7,658)
Current liabilities	(8,924)	(12,387)	(3,922)
Net liabilities	(4,553)	(1,451)	(175)
Cash and cash equivalents	4,860	3,225	1,018

LETTER FROM VINCO CAPITAL

Audited consolidated results for the year ended 31 December 2010

As shown in the table above, the turnover of the Company for the year ended 31 December 2010 amounted to approximately HK\$38.89 million, representing an increase of approximately 5.28% as compared to that of approximately HK\$36.94 million for the year ended 31 December 2009 which was mainly attributed to an increase in both business segments of trading of computerised smart sockets and related accessories and developing and implementing custom-made solutions which are specifically designed and developed for the specific needs and requirements of a particular customer. Although the Company recorded an increase in turnover, the profit for the year of approximately HK\$119,000 recorded in 2010 was decreased by approximately 99.00% as compared to that of approximately HK\$11.87 million in 2009. Such significant decrease in profit for the year 2010 was mainly due to a disposal of a wholly owned subsidiary and its subsidiaries, which contributed a profit of approximately HK\$12.02 million in 2009. Throughout the two financial years ended 31 December 2010, the Company did not declare or pay any dividends.

The cash and cash equivalents of the Group had a significant increase of approximately 216.80%, from approximately HK\$1.02 million as at 31 December 2009 to approximately HK\$3.23 million as at 31 December 2010. According to the 2010 Annual Report, the total borrowings of the Group had decreased from approximately HK\$7.66 million in 2009 to approximately HK\$6.68 million in 2010. As at 31 December 2010, the audited consolidated net liabilities of the Group was enlarged from approximately HK\$175,000 as at 31 December 2009 to approximately HK\$1.45 million as at 31 December 2010, which was mainly due to (i) an unsecured loan obtained during the year 2010; (ii) an increase in trade and other payables; (iii) an accumulated depreciation charged on property, plant and equipment; and (iv) a decrease in trade and other receivables which caused by the repayment of the trade debtors at the year ended 31 December 2010, and offset by (i) an increase in inventories (the fluctuation of inventories level is mainly due to the purchase order from its customers at the year ended and the Company intends not to store inventories if there is no purchase order); (ii) an increase in cash and cash equivalents; (iii) a decrease in tax payable; and (iv) a decrease in loans from a shareholder.

Audited consolidated results for the year ended 31 December 2011

As disclosed in the 2011 Annual Report, the total turnover of the Company for the year ended 31 December 2011 was approximately HK\$7.02 million, representing a decrease of approximately 81.95% as compared to that of approximately HK\$38.89 million in 2010. The Company recorded a loss for the year of approximately HK\$3.10 million for the year ended 31 December 2011, representing a turnaround in financial performance as compared to profit of approximately HK\$119,000 in 2010. Such decreases were mainly due to a result of the cessation of trading of computerised smart sockets and related accessories upon completion of disposal a wholly-owned subsidiary to an independent third party (details of which can be referred to the Company's announcement and circular dated 12 April 2011 and 26 May 2011 respectively). The Company did not declare or pay any dividends for the year ended 31 December 2011.

LETTER FROM VINCO CAPITAL

The cash and cash equivalents of the Group had an increase of approximately 50.70%, from approximately HK\$3.23 million as at 31 December 2010 to approximately HK\$4.86 million as at 31 December 2011. According to the 2011 Annual Report, the total borrowings of the Group had increased from approximately HK\$6.68 million in 2010 to approximately HK\$7.31 million in 2011. As at 31 December 2011, the audited consolidated net liabilities of the Group was enlarged from approximately HK\$1.45 million as at 31 December 2010 to approximately HK\$4.55 million as at 31 December 2011, which was mainly due to (i) an increase in total borrowing; (ii) an accumulated depreciation charged on property, plant and equipment; (iii) a decrease in inventories (the fluctuation of inventories level is mainly due to the purchase order from its customers at the year end and the Company intends not to store inventories if there is no purchase order); (iv) a decrease in trade and other receivables which caused by the disposal of trading business during the year 2011, and partially offset by (i) a decrease in trade and other payables; (ii) an increase in cash and cash equivalents; and (iii) a decrease in tax payable.

2. Future prospects of the Group

With reference to the Letter from the Board and the Company's announcement dated 22 March 2007, trading in Shares has been suspended at the request of the Company for more than five years since 22 March 2007 due to pending the release of an announcement relating to information of public float of the Company. As advised by the management of the Company, we noted that the public float of the Company has been restored since 4 July 2008 after a general offer announced by the Company on 21 May 2008. Although the public float of the Company has been restored, the Company shall submit a resumption proposal to address the issues pertaining to the suspension and demonstrate that the Company has a sufficient level of operations and management expertise on the business pursuits to warrant the continued listing of the Shares on the Stock Exchange.

According to the Letter from the Board, the Company has submitted the Resumption Proposal which is being reviewed by the Stock Exchange. Independent Shareholders should note that Resumption is subject to the approval of the Stock Exchange. Prior to the implementation of the Resumption Proposal acceptable to the Stock Exchange, trading of Shares will remain suspended until further announcement(s) to be published. In light of this, we consider that there are uncertainties regarding the timing and possibility of resumption of trading in Shares.

As set out in the 2011 Annual Report, the Company entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in a subsidiary which engages in trading business, and such disposal was completed on 24 June 2011. Upon completion of the disposal, the Company is no longer engaged in trading of computer equipment and accessories business and could enhance better resources distribution to focus on identifying investment opportunities which are engaging the business of provision of custom-made solutions. As such, with reference to the Resumption Proposal, the Company intends to acquire an IT business engaging a patented server based font technology for its real time on-line communications software platforms.

LETTER FROM VINCO CAPITAL

According to the Census and Statistics Department of Hong Kong, the percentage of using personal computers (including desktop computer, laptop or notebook or netbook or tablet computer and palm top or personal digital assistant for individual use) and having internet connection in the business sector is growing from approximately 51.5% and 37.3% in 2000 to approximately 63.6% and 60.6% in 2009 respectively. The IT business is growing in the past years. The more popularise of computers with internet connection in business sector, the higher demand for information technology in business sector is as they are complementary to each other.

3. The Offer

Principal terms of the Offer

Kingston Securities is making the Offer, which are unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.15 in cash

As at the Latest Practicable Date, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

The Offer Price of HK\$0.15 for each Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and represents:

- (i) a discount of approximately 51.61% to the closing price of HK\$0.31 per Share as quoted from the Bloomberg on the Last Trading Day;
- (ii) a discount of approximately 61.34% to the average of the closing prices of the Shares as quoted from the Bloomberg for the five consecutive trading days up to and including the Last Trading Day of HK\$0.388 per Share; and
- (iii) a premium over the net liabilities per Share of approximately HK\$0.023 as at 31 December 2011, based on the Company's audited consolidated net liabilities of approximately HK\$4.55 million as at 31 December 2011 as contained in 2011 Annual Report and total number of 200,000,000 Shares.

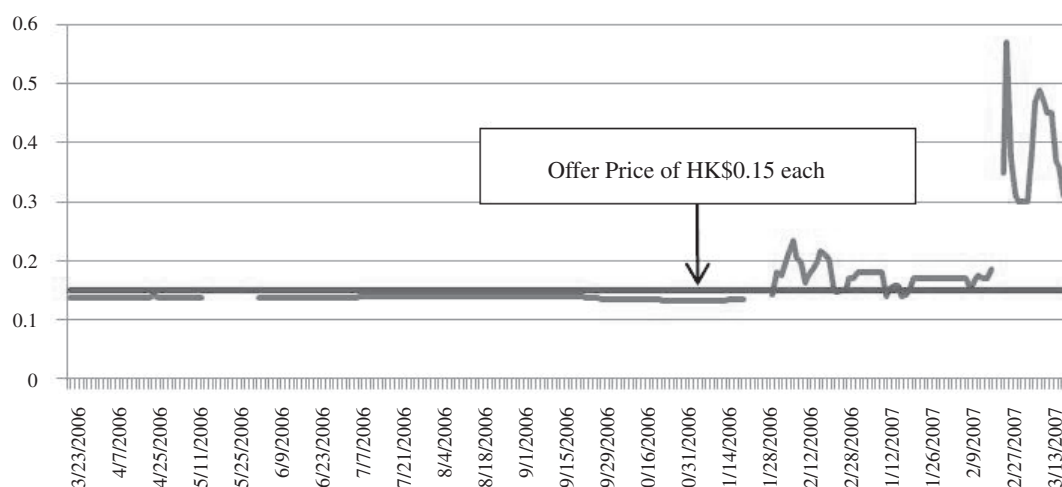
Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the "Letter from Kingston Securities" contained in and Appendix I to the Composite Document.

LETTER FROM VINCO CAPITAL

Historical price performance and trading liquidity of the Shares

Trading in the Shares on GEM has been suspended since 22 March 2007 at the request of the Company. The Independent Shareholders should note that as the trading in the Shares has been suspended for over five years, heavy reliance should not be placed on the below comparison of the Offer Price to the closing prices of the Shares prior to the Last Trading Day. For reference only, the chart below illustrates the historical trading pattern of the Shares for the period from 23 March 2006, being the twelve-month period preceding the Last Trading Day, up to and including the Last Trading Day (the “Review Period”).

Historical price performance



Source: Bloomberg

Note: The trading in Shares was suspended from 17 May 2006 to 5 June 2006 (both days inclusive), from 24 November 2006 to 1 December 2006 (both days inclusive), 26 February 2007 and 27 February 2007.

As shown in the chart above, the highest and lowest closing prices during the Review Period were HK\$0.570 per Share recorded on 1 March 2007 and HK\$0.133 per Share recorded from 25 October 2006 to 16 November 2006 (both dates inclusive) respectively. The average closing price per Share during the Review Period was approximately HK\$0.165. The Offer Price of HK\$0.15 represents a discount of approximately 73.68% to the highest closing price per Share and a premium of approximately 12.78% over the lowest closing price per Share during the Review Period. The Offer Price represents a discount of approximately 51.61% to the closing price of HK\$0.31 per Share on the Last Trading Day. Independent Shareholders should note that there is no assurance on the trading performance of the Shares, which could be restored to the closing price of the Shares on the Last Trading Day upon Resumption.

LETTER FROM VINCO CAPITAL

Liquidity of the Shares

The table below sets out the average daily trading volume of the Shares during the Review Period, and the percentage as represented by such average daily trading volume to the total number of Shares in issue and the total number of Shares held by the Independent Shareholders.

Month	Number of trading days in each month	Highest daily trading volume of the Shares	Lowest daily trading volume of the Shares	Average daily trading volume of the Shares	Percentage of the average daily trading volume of the Shares to total issued Shares	Percentage of the average daily trading volume of the Shares to the issued Shares held by public
2006						
March	7	—	—	—	0.00%	0.00%
April	17	200,000	—	21,765	0.01%	0.04%
May	10	—	—	—	0.00%	0.00%
June	19	—	—	—	0.00%	0.00%
July	21	—	—	—	0.00%	0.00%
August	23	1,500,000	—	108,696	0.05%	0.19%
September	21	1,000,000	—	47,619	0.02%	0.08%
October	20	—	—	—	0.00%	0.00%
November	17	10,000	—	588	0.00%	0.00%
December	18	440,000	—	115,556	0.06%	0.20%
2007						
January	22	2,860,000	—	292,583	0.15%	0.51%
February	16	2,120,000	—	201,250	0.10%	0.35%
March	16	1,482,600	—	305,601	0.15%	0.53%

Source: Bloomberg

Note: The trading in Shares was suspended from 17 May 2006 to 5 June 2006 (both days inclusive), from 24 November 2006 to 1 December 2006 (both days inclusive), 26 February 2007 and 27 February 2007.

The above table illustrated that the average daily trading volume of the Shares per month were very thin during the Review Period. During the Review Period, the highest average daily trading volume amounted to approximately 2,860,000 Shares in January 2007, representing approximately 0.15% of the total number of Shares in issue and approximately 0.51% of the total number of Shares held by the Independent Shareholders and the lowest average daily trading volume was nil during the Review Period. Given that the Shares were illiquid during the Review Period, the disposal of large block of Shares held by Independent Shareholders in the open market (assuming trading in Shares on the Stock Exchange is resumed) is expected to trigger price slump of the Shares.

LETTER FROM VINCO CAPITAL

Given the trading of the Shares was rather illiquid during the Review Period, the Independent Shareholders should note that if they wish to realise their investments in the Company, especially those with large block of Shares, they might not be able to dispose the Shares in the market without having an adverse impact on the market price of the Shares when trading in Shares on the Stock Exchange is resumed in the future. Although, the Company has submitted a Resumption Proposal with aim to revitalise the Group's business; operating results and share price of the Company will highly depends on certain factors including but not limited to global economy outlook, market sentiment and implementation of the proposed steps. Independent Shareholders are also reminded that Resumption is uncertain which subject to approval of the Resumption Proposal from the Stock Exchange and fulfillment of resumption conditions as disclosed in the Resumption Proposal. Considering the above, we, therefore, consider that the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares if the Independent Shareholders do not believe in the Offeror could help with the Group in the Resumption and future prospects.

Comparable analysis

In assessing the fairness and reasonableness of the Offer Price, we have considered applying commonly used benchmarks including price-to-earnings approach, price-to-dividends approach and price-to-book approach for evaluating the value of the Company. However, having taken into consideration (i) the Group has been in a loss making position for the year ended 31 December 2011 and did not record any net profit attributable to Shareholders nor earnings before interest, tax, depreciation and amortisation of the Company for the year; (ii) the Group had not declared any dividends for its ordinary Shares for the three financial years ended 31 December 2011; and (iii) a net deficit position of the Group has been recorded as at 31 December 2011, we therefore consider that the said benchmarks might not be feasible and indicative for evaluating the value of the Company.

LETTER FROM VINCO CAPITAL

Comparison to past cash offer transactions

For the purpose of further assessing the fairness and reasonableness of the Offer Price, we have based on the monthly prolonged suspension status report as at 31 March 2012 released by the Stock Exchange on 20 April 2012 and identified 45 companies listed on the Stock Exchange which shares have been suspended for three months or more as at 31 March 2012. As noted from the Stock Exchange website, there are 2 out of 45 prolong suspended companies, which list is exhaustive, have conducted cash offers during the past three years and recorded net liabilities in the year of conducting such cash offer of the respective companies (the “Comparables”). As the financial and trading positions of the Comparables are relatively similar to that of the Group, we consider that it is fair and representative to compare these two companies with the Group and the list of the Comparables below is exhaustive. Summarised below are our relevant findings:

Date of announcement	Company name	Stock code	Premium/(discount) represented by offer price over/ to share closing price as at the last trading days of the respective offers %
25 June 2009	BEP International Holdings Limited	2326	(89.83)
3 July 2009	Mudan Automobile Shares Company Limited	8188	(0.29)
		Maximum	(0.29)
		Minimum	(89.83)
		Average	(59.94)
	The Company	8148	(51.61)

Source: The Stock Exchange

According to the table above, the Comparables had offer prices set at a discount of approximately 89.83% and a discount of approximately 0.29% with average discount of approximately 59.94% to the respective closing price as at the last trading day. The Offer Price represents a discount of approximately 51.61% to the closing price on the Last Trading Day which is above the average discount of that of the Comparables.

Independent Shareholders should note that due to the prolonged suspension of trading in Shares on the Stock Exchange for more than five years, comparison of the Offer Price with the closing prices of the Shares prior to the Suspension may be rather irrelevant and provide for reference only.

LETTER FROM VINCO CAPITAL

In view that (i) the Group recorded a loss of approximately HK\$3.10 million for the year ended 31 December 2011; (ii) the Group recorded net liabilities of approximately HK\$4.55 million as at 31 December 2011; (iii) the uncertainty in the timing and possibility of resumption of trading in Shares; and (iv) the illiquidity of trading in Shares during the Review Period, we are of the view that the Offer Price which above the average of that of the Comparables is acceptable.

4. Information of the Offeror and its intention regarding the future of the Group

Information of the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability and is wholly owned by Mr. Lau, who is the sole director of the Offeror. Mr. Lau is a bachelor degree holder in Accountancy from the Hong Kong Polytechnic University and 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. He is also an executive directors and chief financial officer of China Grand Forestry Green Resources Group Limited (stock code: 910) and 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) and Kong Sun Holdings Limited (stock code: 295).

Immediately after Completion, the Offeror and parties acting in concert with it were interested in 142,651,965 Shares, representing approximately 71.33% of the entire issued share capital of the Company as at the Latest Practicable Date. Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial owner are Independent Third Parties.

Intention of the Offeror regarding the future of the Group

As stated in the “Letter from Kingston Securities” in the Composite Document, the Offeror is intended to continue the Group’s existing principal business. The Offeror does not intend to introduce any major changes to the existing operation and business of the Company or redeploy the employees of the Group, other than the transactions as set out in the Resumption Proposal and nominate Mr. Lau and up to two other new Directors to the Board. The Offeror will conduct a detailed review on the business and operations of the enlarged Group upon completion of the transactions contemplated under the Resumption Proposal in order to formulate a long term strategy for the enlarged Group and explore other business or investment opportunities in line with the principal business of the Group before the Suspension to enhance its future business development and strengthen its revenue bases. In light of the weak financial position of the Group, Mr. Lau’s accounting and financing experience, he could assist the Company to re-allocate resources, including cost control and broaden source of income, so as to strengthen the Group’s financial position. Also, being a director of the companies listed on the Stock Exchange and experiencing in corporate finance, Mr. Lau is equipped to have full knowledge in the Listing Rules which could help with the Company (i) on the Resumption Proposal; (ii) to formulate a long-term business strategy; and (iii) to grasp potential investment opportunities for the enlarged Group.

LETTER FROM VINCO CAPITAL

Therefore, we consider that the Offeror's participation in the Company would be good for the enlarged Group's future development and could assist in the transactions under the Resumption Proposal. As at the Latest Practicable Date, the Offeror has no intention or plan for any acquisition or disposal of assets and/or business of the Group.

Independent Shareholders who are confident about the Group's prospects after the Offer and the possible Resumption may consider not accepting the Offer. However, Independent Shareholders should carefully consider the relevant risks and uncertainties in doing so based on their personal investment criteria, objectives, risk preference and tolerance level and/or circumstances. If Independent Shareholders would like to seek advice on any aspect of the Composite Document, or as to the action to be taken, they should consult their own licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

D. RECOMMENDATION

Taking into consideration the abovementioned factors and reasons for the Offer, in particular:

- (i) the Company has been making loss for the year end 31 December 2011 and recorded net liabilities as at 31 December since 2007;
- (ii) resumption of trading in Shares is subject to the submitted Resumption Proposal acceptable to the Stock Exchange;
- (iii) the trading liquidity position of the Group has been thin during the Review Period and there may not be sufficient liquidity in the Shares for the Independent Shareholders to dispose of their Shares in the open market even if trading in Shares were not suspended; and
- (iv) trading in Shares has been suspended for over five years since 23 March 2007 and such prolonged suspension has precluded the opportunities of the Independent Shareholders from realising their shareholdings in the Company during the Suspension if they wish to do so,

we are of the view that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and accordingly recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

The Independent Shareholders, in particular those who intend to retain part of all of their investment in the Shares, are reminded to monitor carefully the intentions of the Offeror regarding the Group in the future and the potential difficulties the Independent Shareholders may encounter in disposing of their investments in the Shares after the close of the Offer. Further details and terms of the Offer are set out in the "Letter from Kingston Securities" and Appendix I to the Composite Document.

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

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, being Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, by post or by hand, marked "**Aurum Pacific (China) Group Limited Share Offer**" on the envelope.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**Aurum Pacific (China) Group Limited Share Offer**" with the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Aurum Pacific (China) Group Limited Share Offer**" with the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.

- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked “**Aurum Pacific (China) Group Limited Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it in an envelope marked “**Aurum Pacific (China) Group Limited Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Kingston Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT

- (a) Provided that the Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Offer Shares tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days after the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar.
- (b) Settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on 29 May 2012, being the Closing Date. The Offer is unconditional.
- (b) The Offeror reserves the right to revise the Offer in accordance with the relevant provisions of the Takeovers Code.

- (c) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The benefit of any revision of the Offer will be available to any Independent Shareholder who has/have previously accepted the Offer. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.
- (d) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.
- (e) In order to be valid, acceptances must be received by the Registrar in accordance with the instructions printed on the Form of Acceptance by no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised.
- (f) If the closing date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on 29 May 2012 (or such later time and/or date as the Executive agrees) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance condition under paragraph 1(e) of this Appendix according to the requirements under Rule 30.2 of the Takeovers Code.
- (c) As required under the Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the GEM Listing Rules.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered shall be irrevocable and cannot be withdrawn, except in the circumstances.

Set out in Rule 19.2 of the Takeovers Code, which provides that if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Independent Shareholder withdraw the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

7. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates of Shares, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and none of the Company, the Offeror, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar nor any of their respective directors or professional advisers or other parties involved in the Offer or any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Kingston Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer are sold by such person or persons free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive all future dividends or other distributions declared, paid or made on the Offer Shares, on or after the Completion Date.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or Kingston Securities knows to be nominees,

trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

- (k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Company or Kingston Securities or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. THREE YEARS FINANCIAL SUMMARY

The following is a summary of the financial results of the Group as extracted from the published unaudited first quarterly report for the three months ended 31 March 2012 and the published audited financial statements for the year ended 31 December 2011 and 31 December 2010 respectively. No qualified opinion has been issued by the Company's auditors, BDO Limited, Certified Public Accountants, for each of the three years ended 31 December 2011. The Company had no items which are exceptional because of size, nature or incidence for each of the three years ended 31 December 2011 and the three months ended 31 March 2012. No dividend was paid or declared by the Company for each of the three years ended 31 December 2011 and the three months ended 31 March 2012.

Consolidated Statement of Comprehensive Income

	For the three months ended 31 March 2012 HK\$'000 (Unaudited)	For the year ended 31 December 2011 HK\$'000 (Audited)	2010 HK\$'000 (Audited)	2009 HK\$'000 (Audited)
RESULTS				
Turnover	<u>97</u>	<u>7,019</u>	<u>38,892</u>	<u>36,941</u>
(Loss)/profit before income tax expense	(784)	(2,987)	694	12,216
Income tax expense	<u>—</u>	<u>(115)</u>	<u>(575)</u>	<u>(346)</u>
(Loss)/profit for the year	<u>(784)</u>	<u>(3,102)</u>	<u>119</u>	<u>11,870</u>
Attributable to:				
Owners of the Company	(784)	(3,102)	119	11,870
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(784)</u>	<u>(3,102)</u>	<u>119</u>	<u>11,870</u>
(Loss)/earnings per share				
Basis (HK cents)	(0.39) cents	(1.55)	0.06	5.94
Diluted (HK cents)	<u>(0.39) cents</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

2. UNAUDITED FINANCIAL INFORMATION

Set out below are the unaudited financial statements together with the relevant notes thereto as extracted from the first quarterly report of the Group for the three months ended 31 March 2012.

Condensed Consolidated Statement of Comprehensive Income

		Three months ended 31 March	
		2012	2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Continuing operations			
Turnover	2	97	186
Cost of sales		<u>(70)</u>	<u>(101)</u>
Gross profit		27	85
Other revenue		1	1
Administrative expenses		<u>(693)</u>	<u>(544)</u>
Loss from operations		(665)	(458)
Finance costs	3	<u>(119)</u>	<u>(252)</u>
Loss before income tax expense from continuing operations	4	(784)	(710)
Income tax expense	5	<u>—</u>	<u>—</u>
Loss for the period from continuing operations and attributable to owners of the Company		(784)	(710)
Discontinued operation			
Profit for the period from discontinued operation	6	<u>—</u>	<u>364</u>
Loss and other comprehensive income for the period		<u><u>(784)</u></u>	<u><u>(346)</u></u>

		Three months ended 31 March	
		2012	2011
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loss attributable to:			
— Owners of the Company		(784)	(346)
— Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(784)</u>	<u>(346)</u>
Total comprehensive income attributable to:			
— Owners of the Company		(784)	(346)
— Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(784)</u>	<u>(346)</u>
Loss per share from continuing and discontinued operations — basic and diluted			
8		<u>HK(0.39) cents</u>	<u>HK(0.17) cents</u>
Loss per share from continuing operations — basic and diluted			
8		<u>HK(0.39) cents</u>	<u>HK(0.36) cents</u>
Earnings per share from discontinued operation — basic and diluted			
8		<u>HKnil cents</u>	<u>HK0.19 cents</u>

Condensed Consolidated Statement of Changes in Equity

	Share capital <i>HK\$'000</i> <i>(Unaudited)</i>	Share premium <i>HK\$'000</i> <i>(Unaudited)</i>	Capital reserve <i>HK\$'000</i> <i>(Unaudited)</i>	Capital surplus <i>HK\$'000</i> <i>(Unaudited)</i>	Accumulated losses <i>HK\$'000</i> <i>(Unaudited)</i>	Total <i>HK\$'000</i> <i>(Unaudited)</i>
Balance at 1 January 2011 (Audited)	2,000	30,224	1,569	15,090	(50,334)	(1,451)
Loss for the period	—	—	—	—	(346)	(346)
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	(346)	(346)
Balance at 31 March 2011 (Unaudited)	<u>2,000</u>	<u>30,224</u>	<u>1,569</u>	<u>15,090</u>	<u>(50,680)</u>	<u>(1,797)</u>
Balance at 1 January 2012 (Audited)	2,000	30,224	1,569	15,090	(53,436)	(4,553)
Loss for the period	—	—	—	—	(784)	(784)
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	(784)	(784)
Balance at 31 March 2012 (Unaudited)	<u>2,000</u>	<u>30,224</u>	<u>1,569</u>	<u>15,090</u>	<u>(54,220)</u>	<u>(5,337)</u>

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed first quarterly consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2011 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

2. TURNOVER

Turnover represents revenue from provision of custom-made solutions and technical support services (continuing operations) and sale of goods after allowances for goods returned (discontinued operation). The amount of each significant category of revenue recognised in turnover during the periods is as follows:

	Three months ended 31 March	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Continuing Operations		
Provision of custom-made solutions	97	120
Service income	—	66
	<u>97</u>	<u>186</u>
Discontinued Operation		
Trading of computer equipment and accessories	—	5,118

3. FINANCE COSTS

	Three months ended 31 March	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Continuing Operations		
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on other loan wholly repayable within five years	102	236
— Imputed interest on interest-free loans from a shareholder	17	16
	<u>119</u>	<u>252</u>

4. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging:

	Three months ended 31 March	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Continuing Operations		
Staff costs (including directors' emoluments)		
— Salaries, wages and allowances	189	274
— Contributions to pension schemes	<u>3</u>	<u>3</u>
	<u>192</u>	<u>277</u>
Auditor's remuneration	105	68
Depreciation of property, plant and equipment	27	27
Discontinued Operation		
Auditor's remuneration	<u>—</u>	<u>38</u>

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the group companies comprising continuing operations did not have any estimated assessable profit subject to Hong Kong profits tax during the periods ended 31 March 2012 and 2011.

6. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION

On 31 March 2011, the Company entered into a sale agreement with an independent third party to dispose of its entire equity interest in Max Honour International Limited, a wholly owned subsidiary (the "Disposal Company"). The Disposal Company engages in trading of computer equipment and accessories. The disposal was completed on 24 June 2011, the date on which the control of the Disposal Company passed to acquirer. The profit for the period from discontinued operation was as follows:

	Three months ended 31 March	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Turnover	—	5,118
Cost of sales	—	(4,300)
Selling and distribution expenses	—	(205)
Administrative expenses	<u>—</u>	<u>(177)</u>
Profit before income tax expense	—	436
Income tax expense	<u>—</u>	<u>(72)</u>
Profit for the period from discontinued operation	<u>—</u>	<u>364</u>

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2012 (2011: HK\$Nil).

8. (LOSS)/EARNINGS PER SHARE**(a) Basic (loss)/earnings per share***(i) From continuing and discontinued operations*

The calculation is based on the loss attributable to owners of the Company of HK\$784,000 (2011: HK\$346,000) and the number of ordinary shares of 200,000,000 (2011: 200,000,000) in issue during the period.

(ii) From continuing operations

The calculation is based on the loss for the period from continuing operations and attributable to owners of the Company of HK\$784,000 (2011: HK\$710,000) and the number of ordinary shares of 200,000,000 (2011: 200,000,000) in issue during the period.

(iii) From discontinued operation

The calculation is based on profit for the period from discontinued operation of HK\$nil (2011: HK\$364,000) and the number of ordinary shares of 200,000,000 (2011: 200,000,000) in issue during the period.

(b) Diluted (loss)/earnings per share

There were no potential ordinary shares in issue for the periods ended 31 March 2012 and 2011. Accordingly, the diluted (loss)/earnings per share are presented as the same as basic (loss)/earnings per share for both periods.

3. AUDITED FINANCIAL STATEMENTS

The followings are the audited financial statements of the Group for the year ended 31 December 2011 as extracted from the annual report of the Company for the year ended 31 December 2011. Capitalised items used in this section shall have the same meaning as those defined in the annual report. Reference to notes numbers therein are to the notes numbers in the annual report.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 HK\$'000	2010 HK\$'000 (Restated)
Continuing operations			
Turnover	6	274	560
Cost of sales		<u>(101)</u>	<u>(412)</u>
Gross profit		173	148
Other revenue, gain/(loss)	8	74	310
Administrative expenses		<u>(3,176)</u>	<u>(3,281)</u>
Loss from operations		(2,929)	(2,823)
Finance costs	9(a)	<u>(629)</u>	<u>(924)</u>
Loss before income tax expense from continuing operations	9	(3,558)	(3,747)
Income tax expense	10	<u>—</u>	<u>—</u>
Loss for the year from continuing operations and attributable to owners of the Company		(3,558)	(3,747)
Discontinued operation			
Profit for the year from discontinued operation	11	<u>456</u>	<u>3,866</u>
(Loss)/profit and total comprehensive income for the year		<u><u>(3,102)</u></u>	<u><u>119</u></u>
(Loss)/profit attributable to:			
— Owners of the Company		(3,102)	119
— Non-controlling interests		<u>—</u>	<u>—</u>
		<u><u>(3,102)</u></u>	<u><u>119</u></u>

		2011	2010
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Restated)</i>
Total comprehensive income attributable to:			
— Owners of the Company		(3,102)	119
— Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(3,102)</u>	<u>119</u>
		<i>HK Cents</i>	<i>HK Cents</i>
(Loss)/earnings per share from continuing and discontinued operations — basic and diluted	<i>15</i>	<u>(1.55)</u>	<u>0.06</u>
Loss per share from continuing operations			
— basic and diluted	<i>15</i>	<u>(1.78)</u>	<u>(1.87)</u>
Earnings per share from discontinued operation			
— basic and diluted	<i>15</i>	<u>0.23</u>	<u>1.93</u>

Consolidated Statement of Financial Position*At 31 December 2011*

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	16	<u>92</u>	<u>198</u>
Total non-current assets		<u>92</u>	<u>198</u>
Current assets			
Inventories — finished goods for resale		70	101
Trade and other receivables	17	495	8,490
Cash and cash equivalents	18	<u>4,860</u>	<u>3,225</u>
Total current assets		<u>5,425</u>	<u>11,816</u>
Current liabilities			
Trade and other payables	19	2,761	6,625
Other borrowing — unsecured	20	6,163	5,602
Tax payable		<u>—</u>	<u>160</u>
Total current liabilities		<u>(8,924)</u>	<u>(12,387)</u>
Net current liabilities		<u>(3,499)</u>	<u>(571)</u>
Total assets less current liabilities		<u>(3,407)</u>	<u>(373)</u>
Non-current liabilities			
Loans from a shareholder	28(b)	<u>(1,146)</u>	<u>(1,078)</u>
Net liabilities		<u>(4,553)</u>	<u>(1,451)</u>
Capital and reserves attributable to owners of the Company			
Share capital	21	2,000	2,000
Reserves		<u>(6,553)</u>	<u>(3,451)</u>
Equity attributable to owners of the Company		<u>(4,553)</u>	<u>(1,451)</u>
Non-controlling interests		<u>—</u>	<u>—</u>
Total equity		<u>(4,553)</u>	<u>(1,451)</u>

Statement of Financial Position*At 31 December 2011*

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Interests in subsidiaries	23	—	—
Current assets			
Trade and other receivables	17	4,767	2,600
		<u>4,767</u>	<u>2,600</u>
Current liabilities			
Trade and other payables	19	1,437	2,122
Other borrowing — unsecured	20	6,163	5,602
Total current liabilities		<u>(7,600)</u>	<u>(7,724)</u>
Net current liabilities		<u>(2,833)</u>	<u>(5,124)</u>
Total assets less current liabilities		<u>(2,833)</u>	<u>(5,124)</u>
Non-current liabilities			
Loans from a shareholder	28(b)	(1,146)	(1,078)
Net liabilities		<u>(3,979)</u>	<u>(6,202)</u>
Capital and reserves			
Share capital	21	2,000	2,000
Reserves	22	<u>(5,979)</u>	<u>(8,202)</u>
Total equity		<u>(3,979)</u>	<u>(6,202)</u>

Consolidated Statement of Changes in Equity*For the year ended 31 December 2011*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i> <i>(Note 22b(i))</i>	Capital reserve <i>HK\$'000</i> <i>(Note 22b(ii))</i>	Capital surplus <i>HK\$'000</i> <i>(Note 22b(iii))</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2010	<u>2,000</u>	<u>30,224</u>	<u>2,964</u>	<u>15,090</u>	<u>(50,453)</u>	<u>(175)</u>
Profit for the year	—	—	—	—	119	119
Other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year	—	—	—	—	119	119
Capital contribution by a shareholder arising from changes in the terms of the interest-free loans	<u>—</u>	<u>—</u>	<u>(1,395)</u>	<u>—</u>	<u>—</u>	<u>(1,395)</u>
Balance at 31 December 2010	<u>2,000</u>	<u>30,224</u>	<u>1,569</u>	<u>15,090</u>	<u>(50,334)</u>	<u>(1,451)</u>
Loss for the year	—	—	—	—	(3,102)	(3,102)
Other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,102)</u>	<u>(3,102)</u>
Balance at 31 December 2011	<u>2,000</u>	<u>30,224</u>	<u>1,569</u>	<u>15,090</u>	<u>(53,436)</u>	<u>(4,553)</u>

Consolidated Statement of Cash Flows*For the year ended 31 December 2011*

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> <i>(Restated)</i>
Cash flows from operating activities			
Loss before income tax expense:			
From continuing operations		(3,558)	(3,747)
From discontinued operation		571	4,441
Adjustments for:			
Depreciation	9c	106	102
Impairment of other receivables	9c	78	—
Finance costs	9a	629	924
Imputed interest income	8	—	(295)
Bank interest income	8	(16)	(8)
Gain on disposal of subsidiary	11	(500)	—
Operating cash flows before working capital changes		(2,690)	1,417
Decrease/(increase) in inventories		31	(101)
Decrease in trade and other receivables		2,841	1,919
(Decrease)/increase in trade and other payables		(3,864)	2,224
Increase in amount due to a shareholder		—	972
Cash (used in)/generated from operations		(3,682)	6,431
Income tax paid		—	(908)
Net cash (used in)/generated from operating activities		(3,682)	5,523
Investing activities			
Purchase of property, plant and equipment		—	(27)
Interest received		16	8
Disposal of subsidiary	24	5,301	—
Net cash generated from/(used in) investing activities		5,317	(19)
Financing activities			
Repayments of loans to a shareholder		—	(8,297)
Proceeds from borrowing		—	5,000
Net cash used in financing activities		—	(3,297)
Net increase in cash and cash equivalents		1,635	2,207
Cash and cash equivalents at beginning of year		3,225	1,018
Cash and cash equivalents at end of year		4,860	3,225
Analysis of the balances of cash and cash equivalents			
Cash at bank and in hand		4,860	3,225
		4,860	3,225

Note to the Consolidated Financial Statements

1. GENERAL

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

The Group, comprising the Company and its subsidiaries, currently engages in provision of custom-made solutions. The Group previously also engaged in trading of computer equipment and related accessories and this business was disposed of during the year. Details are set out in note 11.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 23.

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

(a) Adoption of new/revised HKFRSs — effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC)-Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

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

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

The following new/revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets ¹
	Disclosures — Offsetting Financial Assets and Financial Liabilities ⁴
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁶
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets ²
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income ³
HKFRS 9	Financial Instruments ⁶
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴
HKAS 27 (2011)	Separate Financial Statements ⁴
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁴
HKAS 19 (2011)	Employee Benefits ⁴
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ⁵
HK(IFRIC)-Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 January 2014

⁶ Effective for annual periods beginning on or after 1 January 2015

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

HKFRS 7 Amendments issue new disclosure requirements in relation to the offsetting models of financial assets and financial liabilities. The amendments also improve the transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. The application of the amendments is unlikely to have any material financial impact on the Group.

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

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKAS 32 Amendments clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of "currently has legally enforceable right of set-off" and some gross settlement systems may be considered equivalent to net settlements. The application of these amendments is unlikely to have any material financial impact on the Group.

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

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

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

At the end of reporting period, the Group had net current liabilities of HK\$3,499,000 and net liabilities of HK\$4,553,000. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The controlling shareholder has undertaken to offer continuing financial support to the Group by providing a revolving loan facility to the extent of HK\$9 million in order to maintain the Group as a going concern. At the end of reporting period, the Group had utilised only HK\$1.15 million of the facility.

The directors are of the opinion that the remaining loan facility of HK\$7.85 million will provide the Group with sufficient working capital for its present requirements in the absence of unforeseen circumstances.

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

(c) Functional and presentational currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Computers and other equipment	3–5 years
Furniture and fixtures	3–5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- interests in subsidiaries.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(e) Financial Instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(h) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items directly recognised in other comprehensive income in which case the taxes are also directly recognised in other comprehensive income.

(k) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising on translating the opening net assets at opening rate and the results of foreign operations at actual rate are recognised directly in other comprehensive income and accumulated as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

(l) Employee benefits*Short term employee benefits and defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(m) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

(n) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Sales of goods

Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customers.

(ii) Custom-made solutions

When the outcome of a custom-made solution contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a custom-made solution contract cannot be estimated reliably, revenue is recognised only to the extent it is probable that contract costs incurred that it is probable will be recoverable.

(iii) Service income

Service income is recognised when services are provided.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no significant effects on amounts recognised in the financial statements arising from the judgement used by management.

6. TURNOVER

Turnover represents the revenue from provision of custom-made solutions and technical support services (continuing operations) and sale of goods after allowances for goods returned (discontinued operation). The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011 HK\$'000	2010 HK\$'000 (Restated)
Continuing Operations		
Provision of custom-made solutions	121	516
Service income	<u>153</u>	<u>44</u>
	<u>274</u>	<u>560</u>
Discontinued Operation (note 11)		
Trading of computer equipment and accessories	<u>6,745</u>	<u>38,332</u>
	<u><u>7,019</u></u>	<u><u>38,892</u></u>

7. SEGMENT REPORTING

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

The Group has two (2010: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

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

Discontinued operation

- Computer equipment and accessories — trading of computerised smart sockets and related accessories.

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' loss that is used by the chief operating decision-maker for assessment of segment performance.

(a) Business Segment

	Continuing operations		Discontinued operation		Total	
	Custom-made solutions		Computer equipment and accessories			
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)		
Revenue from external customers	<u>274</u>	<u>560</u>	<u>6,745</u>	<u>38,332</u>	<u>7,019</u>	<u>38,892</u>
Reportable segment (loss)/profit	<u>(617)</u>	<u>(430)</u>	<u>758</u>	<u>4,441</u>	<u>141</u>	<u>4,011</u>
Depreciation	94	94	—	—	94	94
Income tax expense	—	—	115	575	115	575
Reportable segment assets	694	651	—	9,921	694	10,572
Reportable segment liabilities	(1,324)	(1,316)	—	(4,522)	(1,324)	(5,838)

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

	2011 HK\$'000	2010 HK\$'000 (Restated)
Revenue		
Revenue from external customers	7,019	38,892
Profit before income tax expense and discontinued operations		
Reportable segment profit	141	4,011
Segment profit from discontinued Operation (note 11)	(758)	(4,441)
Unallocated corporate income and expenses	(2,941)	(3,317)
Consolidated loss before income tax expense from continuing operations	(3,558)	(3,747)
Assets		
Reportable segment assets from continuing operations	694	651
Segment assets of discontinued operation	—	9,921
Unallocated corporate assets	4,823	1,442
Consolidated total assets	5,517	12,014
Liabilities		
Reportable segment liabilities from continuing operations	(1,324)	(1,316)
Segment liabilities of discontinued operation	—	(4,522)
Unallocated corporate liabilities	(8,746)	(7,627)
Consolidated total liabilities	(10,070)	(13,465)

The unallocated corporate income and expenses mainly include salaries and legal and professional fees of head office and the unallocated corporate assets and liabilities mainly include cash and cash equivalent and other borrowing respectively.

(c) Geographical information and major customers

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

During the year, revenue from the Group's largest customer amounted to HK\$6,745,000 (2010: HK\$38,332,000), being 100% (2010: 100%) of the Group's total revenue from the computer equipment and accessories segment.

For the custom-made solutions segment, revenue from the Group's largest customer amounted to HK\$153,000 (2010: HK\$516,000) being 56% (2010: 92%) of the Group's total revenue from this segment.

8. OTHER REVENUE, GAIN/(LOSS)

	2011 HK\$'000	2010 HK\$'000
Bank interest income	16	8
Exchange gain, net	58	—
Imputed interest income	—	295
Others	—	7
	74	310

9. LOSS BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

Loss before income tax expense from continuing operations is arrived at after charging:

(a) Finance costs:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on other loan wholly repayable within five years	561	602
— Imputed interest on interest-free loans from a shareholder	<u>68</u>	<u>322</u>
	<u><u>629</u></u>	<u><u>924</u></u>

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Salaries, wages and allowances	1,334	1,506
Contributions to pension schemes	<u>12</u>	<u>22</u>
	<u><u>1,346</u></u>	<u><u>1,528</u></u>

(c) Other items:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Continuing operations		
Auditor's remuneration		
— Provision for the year	400	270
— Under provision in respect of prior year	20	—
Depreciation of property, plant and equipment	106	102
Impairment of other receivables	78	—
Discontinued operation		
Auditor's remuneration	<u><u>50</u></u>	<u><u>150</u></u>

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the group companies comprising continuing operations did not have any estimated assessable profit subject to Hong Kong profits tax during the years ended 31 December 2011 and 2010.

Income tax expense for the year can be reconciled to the loss per the consolidated statement of comprehensive income from continuing operations as follows:

	2011 HK\$'000	2010 HK\$'000 (Restated)
Loss before income tax expense from continuing operations	(3,558)	(3,747)
Taxation credit calculated at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	(587)	(618)
Tax effect of expenses not deductible for taxation purposes	316	527
Tax effect of revenue not taxable for tax purposes	(202)	(262)
Tax effect on unused tax losses not recognised	456	341
Others	17	12
	<u>—</u>	<u>—</u>

11. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

On 31 March 2011, the Company entered into a sale agreement with an independent third party to dispose of its entire equity interest in Max Honour International Limited, a wholly owned subsidiary (the “Disposal Company”). The Disposal Company engages in trading of computer equipment and accessories. The disposal was completed on 24 June 2011, the date on which control of the Disposal Company passed to the acquirer.

Profit and cash flows for the period from 1 January 2011 to the date of disposal from discontinued operation were as follows:

	2011 HK\$'000	2010 HK\$'000
Turnover	6,745	38,332
Cost of sales	(5,666)	(32,202)
Gross profit	1,079	6,130
Selling and distribution expenses	(270)	(1,533)
Administrative expenses	(51)	(156)
Profit before income tax expense	758	4,441
Income tax expense	(115)	(575)
Profit after income tax expenses	643	3,866
Gain on disposal of the Disposal Company (note 24)	500	—
Less: Cost of disposal	(687)	—
Profit for the year from discontinued operation and attributable to owners of the Company	<u>456</u>	<u>3,866</u>
Cash flows from discontinued operation:		
Operating activities	(519)	406
Investing activities	—	—
Financing activities	110	—
Net cash (outflows)/inflow	<u>(409)</u>	<u>406</u>

The carrying amounts of the assets and liabilities of the Disposal Company at the date of disposal are disclosed in note 24.

12. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to shareholders of the Company includes a profit of HK\$2,223,000 (2010: HK\$170,000) which has been dealt with in the financial statements of the Company.

13. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to the GEM Listing Rules and section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31 December 2011

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contributions to pension schemes HK\$'000	Waived emoluments HK\$'000	Total HK\$'000
Executive Directors					
Cheung Yu Ping	—	—	—	—	—
Lee Ah Sang	—	—	—	—	—
Independent Non-Executive Directors					
Chan Wai Fat	120	—	—	—	120
Chi Chi Hung, Kenneth	60	—	—	—	60
Chui Kwong Kau	60	—	—	—	60
	<u>240</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>240</u>

For the year ended 31 December 2010

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contributions to pension schemes HK\$'000	Waived emoluments HK\$'000	Total HK\$'000
Executive Directors					
Cheung Yu Ping	—	—	—	—	—
Lee Ah Sang	—	—	—	—	—
Chan Chi Chiu, Henry (note 1)	—	—	—	—	—
Independent Non-Executive Directors					
Chan Wai Fat	120	—	—	—	120
Chi Chi Hung, Kenneth (note 2)	49	—	—	—	49
Chui Kwong Kau (note 3)	47	—	—	—	47
Jin Guangjun (note 1)	25	—	—	—	25
Law Kin Ho (note 4)	23	—	—	—	23
	<u>264</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>264</u>

Notes:

1. Resigned on 17 March 2010
2. Appointed on 8 March 2010
3. Appointed on 17 March 2010
4. Resigned on 8 March 2010

No emoluments were paid to the Company's directors as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2011 and 2010.

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2010: one) are directors whose emoluments are disclosed in note 13. The aggregate of the emoluments in respect of the other three (2010: four) individuals are as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Salaries, wages and allowances	1,094	1,070
Contributions to pension schemes	<u>12</u>	<u>15</u>
	<u>1,106</u>	<u>1,085</u>

The emoluments of three (2010: four) non-director individuals with the highest emoluments are within the following band:

	2011 <i>No. of employees</i>	2010 <i>No. of employees</i>
Nil–HK\$1,000,000	<u>3</u>	<u>4</u>

No amounts were paid or payable during the years ended 31 December 2011 and 2010 to the five highest paid employees in connection with their loss of office, or inducement to join.

15. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

(i) *From continuing and discontinued operations*

The calculation is based on the loss attributable to owners of the Company of HK\$3,102,000 (2010: profit of HK\$119,000) and the number of ordinary shares of 200,000,000 (2010: 200,000,000) in issue during the year.

(ii) *From continuing operations*

The calculation is based on loss for the year from continuing operations of HK\$3,558,000 (2010: restated HK\$3,747,000) and the number of ordinary shares of 200,000,000 (2010: 200,000,000) in issue during the year.

(iii) *From discontinued operation*

The calculation is based on profit for the year from discontinued operation of HK\$456,000 (2010: restated HK\$3,866,000) and the number of ordinary shares of 200,000,000 (2010: 200,000,000) in issue during the year.

(b) Diluted (loss)/earnings per share

There was no potential ordinary shares in issue for the years ended 31 December 2011 and 2010. Accordingly, the diluted (loss)/earnings per share is presented as the same as basic (loss)/earnings per share for both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Computers and other equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
The Group			
Cost			
At 1 January 2010	302	3	305
Additions	<u>27</u>	<u>—</u>	<u>27</u>
At 31 December 2010	329	3	332
Additions	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2011	<u>329</u>	<u>3</u>	<u>332</u>
Accumulated depreciation:			
At 1 January 2010	31	1	32
Charge for the year (<i>note 9(c)</i>)	<u>101</u>	<u>1</u>	<u>102</u>
At 31 December 2010	132	2	134
Charge for the year (<i>note 9(c)</i>)	<u>105</u>	<u>1</u>	<u>106</u>
At 31 December 2011	<u>237</u>	<u>3</u>	<u>240</u>
Carrying amount:			
At 31 December 2011	<u>92</u>	<u>—</u>	<u>92</u>
At 31 December 2010	<u>197</u>	<u>1</u>	<u>198</u>

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	274	8,266	—	—
Amounts due from subsidiaries	—	—	4,602	2,432
Deposits and prepayments	<u>221</u>	<u>224</u>	<u>165</u>	<u>168</u>
	<u>495</u>	<u>8,490</u>	<u>4,767</u>	<u>2,600</u>

The amounts due from the subsidiaries (net of accumulated impairment losses of HK\$3,244,000 (2010: HK\$3,499,000)) are unsecured, interest free and have no fixed repayment terms.

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

(b) The Group and the Company recognised impairment loss on individual assessment based on the accounting policy stated in note 4(e)(ii).

- (c) Included in trade and other receivables are trade debtors with the following ageing analysis as at the end of reporting period:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Within 30 days	—	4,818
31 to 60 days	—	2,274
61 to 90 days	—	1,174
90 days or above	<u>274</u>	<u>—</u>
	<u>274</u>	<u>8,266</u>

At 31 December 2011 and 2010, none of the Group's trade receivables were impaired.

- (d) The ageing analysis of trade receivables which are past due but not impaired are as follows:

	Group 2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Less than 1 month past due	—	1,196
1 to 3 months past due	—	22
More than 3 months past due	<u>274</u>	<u>—</u>
	<u>274</u>	<u>1,218</u>

Trade receivables relate to customers that have a good track record with the Group. Based on the past experience, management believes that no impairment allowance is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable. The Group does not hold any collateral over this balance.

18. CASH AND CASH EQUIVALENTS

	Group 2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Cash and bank balances	4,860	1,223
Time deposit matured within 3 months	<u>—</u>	<u>2,002</u>
	<u>4,860</u>	<u>3,225</u>

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Trade creditors	110	4,503	—	—
Other creditors and accrued charges	1,081	1,150	992	1,150
Amounts due to subsidiaries	—	—	—	—
Amount due to a shareholder (note 28(a))	445	972	445	972
Amount due to related company (note 28(c))	1,125	—	—	—
	<u>2,761</u>	<u>6,625</u>	<u>1,437</u>	<u>2,122</u>
Financial liabilities measured at amortised cost	<u>2,761</u>	<u>6,625</u>	<u>1,437</u>	<u>2,122</u>

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

	2011 HK\$'000	2010 HK\$'000
Current or less than 1 month	70	4,128
1 to 3 months	—	375
More than 3 months	<u>40</u>	<u>—</u>
	<u>110</u>	<u>4,503</u>

20. OTHER BORROWING — UNSECURED

It represents a loan with principal amount of HK\$5,000,000 (2010: HK\$5,000,000) obtained from an independent third party. The loan is unsecured, bearing interest rate at 3% over the Hong Kong prime rate plus an arrangement fee. The average effective interest rate for the year is approximately 6.8% (2010: 18%). The loan and the accrued interest of HK\$1,163,000 (2010: HK\$602,000) as at 31 December 2011 were repayable in May 2012 (see note 33).

21. SHARE CAPITAL

	2011		2010	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>4,000,000</u>	<u>40,000</u>	<u>4,000,000</u>	<u>40,000</u>
Issued and fully paid:				
At beginning and end of reporting period	<u>200,000</u>	<u>2,000</u>	<u>200,000</u>	<u>2,000</u>

22. RESERVES

(a) Reserve of the Company

	Share premium HK\$'000 (Note 22(b)(i))	Capital reserve HK\$'000 (Note 22(b)(ii))	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2010	30,224	2,798	(39,999)	(6,977)
Profit for the year	—	—	170	170
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	—	—	170	170
Capital contribution by a shareholder arising from changes in the terms of the interest-free loans	—	(1,395)	—	(1,395)
Balance at 31 December 2010	30,224	1,403	(39,829)	(8,202)
Profit for the year	—	—	2,223	2,223
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	—	—	2,223	2,223
Balance at 31 December 2011	30,224	1,403	(37,606)	(5,979)

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall in the ordinary course of business.

(ii) Capital reserve

The capital reserve represents capital contribution from a shareholder in the form of interest-free loans. The amounts are estimated by discounting the nominal value of their non-interest bearing loans to the Group at current market interest rate for similar financial instruments. An early repayment of interest-free loans from a shareholder represented a reduction in contribution from the shareholder and reduced capital reserve accordingly.

(iii) Capital surplus

Capital surplus primarily represents the unconditional waiver of loans by shareholders of a former subsidiary which was disposed of in prior years.

23. INTERESTS IN SUBSIDIARIES

	2011 HK\$'000	2010 HK\$'000
Unlisted shares, at cost — HK\$18 (2010: HK\$19)	—	—

Particulars of the Company's subsidiaries which are all wholly owned by the Company as at 31 December 2011 were as follows:

Name of company	Country of incorporation and operation	Description of shares directly held	Principal activity
Corporate Model Limited	The British Virgin Islands	US\$1	Investment holding
Pearlica Technologies Limited	The British Virgin Islands	US\$1	Provision of custom-made solutions services
Aurum Pacific Management Limited	Hong Kong	HK\$1	Administration
Forever Trend Development Limited	Hong Kong	HK\$1	Inactive

24. DISPOSAL OF SUBSIDIARY

As referred to note 11, on 24 June 2011, the Group disposed of the Disposal Company, which engages in trading of computer equipment and accessories. The net assets of the Disposal Company at the date of disposal were as follows:

	HK\$'000
Trade receivables	5,076
Cash and cash equivalents	4
Tax payable	(275)
Net assets	4,805
Gain on disposal (<i>note 11</i>)	500
Consideration	5,305
Net cash outflow arising on disposal:	
Cash consideration	5,305
Cash and bank balances disposed of	(4)
	5,301
Cash paid for costs of disposal	(687)
	4,614

25. RETIREMENT BENEFITS

The Group has participated in a mandatory provident fund ("MPF") scheme. The Group's and the employees' contributions to the MPF scheme are based on 5% of the relevant income of the relevant employees in accordance with the requirements of the Mandatory Provident Fund Scheme Ordinance and related regulations. Contributions made to the above schemes by the Group amounted to HK\$12,000 (2010: HK\$22,000) for the year. No other scheme for the retirement benefit is participated by the Group.

26. EQUITY SETTLED SHARE-BASED TRANSACTIONS

A share option scheme (the “Scheme”) of the Company was adopted on 25 November 2003 for the purpose of providing incentives and rewards to eligible participants, including the executive directors of the Company, who contribute to the success of the Group’s operations.

The Board of Directors of the Company may, at their discretion, grant options to the eligible participants including any employees, directors, suppliers, customers, advisors, consultants, joint venture partners and any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any members of the Group or any invested entities.

Unless it is approved by shareholders in a general meeting of the Company, the maximum number of shares available for subscription under the Scheme or any other share option scheme adopted by the Company is subject to:

- (i) The maximum number of shares of the Company which may be issued upon exercise of all options granted under its Scheme or any other share option scheme adopted by the Company must not exceed 30% of its issued share capital from time to time; and
- (ii) The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue at the time dealings in the shares first commence on the Growth Enterprise Market of the Stock Exchange.

The maximum number of shares issuable under the options to each eligible participant in any 12-month period is limited to 1% of the shares in issue unless it is approved by substantial shareholders in a general meeting of the Company.

Any grant of options under the Scheme to a director, chief executive, management shareholder or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who or whose associate is the proposed grantee of the options).

Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK\$5 million, in any 12-month period, are subject to shareholders’ approval in a general meeting of the Company.

The offer of a grant of share options may be accepted within 21 business days from the date of the offer of grant of the option. The consideration for a grant of options the Company is HK\$1.00. The exercise period of the share options granted is determined by the Board of Directors.

The exercise price of the share options is determined by the Board of Directors providing that the price shall not be less than the highest of (i) the closing price of the shares on GEM as stated in the Stock Exchange’s daily quotations on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares on GEM as stated in the Stock Exchange’s daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

No share option under the Scheme was granted or outstanding during the years ended 31 December 2011 and 2010.

27. DEFERRED TAXATION NOT RECOGNISED

The Group has not recognised deferred tax assets in respect of tax losses of approximately HK\$7,114,000 (2010: HK\$7,165,000) as it is not certain that future taxable profits will be available against which the asset can be utilised.

28. RELATED PARTY TRANSACTIONS

At 31 December 2011, the directors considered the Company's immediate and ultimate parent to be Hong Sheng Group Limited (incorporated in the British Virgin Islands).

Particulars of transactions the Group entered into with related parties during the year are as follows:

- (a) Amount due to a shareholder is unsecured, interest free and repayable on demand.
- (b) Loans from a shareholder are unsecured, interest free and not repayable before 31 August 2013. The loans were stated at fair value as of the end of reporting period as estimated by discounting the nominal value of the loans at current market interest rate of similar financial instruments.
- (c) Amount due to a related company in which Cheung Yu Ping is a director, is unsecured, interest free and repayable on demand.
- (d) The remuneration of directors as disclosed in note 13 and other members of key management during the year was as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Short-term benefits	774	471
Post-employment benefits	<u>12</u>	<u>6</u>
	<u><u>786</u></u>	<u><u>477</u></u>

29. OPERATING LEASE ARRANGEMENTS

Operating lease payments represent rentals payable by the Group on its office premises. The Lease is negotiated for a term of 3 years at fixed rent.

The lease payments recognised as an expenses are as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Minimum leases payments	<u>216</u>	<u>186</u>

The total future minimum lease payments are due as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Not later than one year	216	216
Later than one year and not later than five years	<u>144</u>	<u>360</u>
	<u><u>360</u></u>	<u><u>576</u></u>

30. CAPITAL RISK MANAGEMENT

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of debts, which include other borrowing, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The Company is actively seeking potential investors to inject new funds into the Group to enlarge the equity base.

The gearing ratio of the Group at the end of reporting period was as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Debts	8,879	7,652
Cash and cash equivalents	<u>(4,860)</u>	<u>(3,225)</u>
Net debts	<u><u>4,019</u></u>	<u><u>4,427</u></u>
Equity	<u><u>(4,553)</u></u>	<u><u>(1,451)</u></u>
Net debts to equity ratio	<u><u>N/A</u></u>	<u><u>N/A</u></u>

31. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has credit policy in place and the exposure to this credit risk is monitored on an ongoing basis.

The Group reviews the recoverable amount of each individual trade debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

At the end of reporting period, the Group has a concentration of credit risk as 100% (2010: 97%) of the total trade receivables was due from the Group's largest customer. The Group does not provide any other guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 2 years but less than 5 years
31 December 2011	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and other payables	2,761	2,761	2,761	—
Loans from a shareholder	1,146	1,267	—	1,267
Other borrowing	6,163	6,300	6,300	—
	<u>10,070</u>	<u>10,328</u>	<u>9,061</u>	<u>1,267</u>
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 2 years but less than 5 years
31 December 2010	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and other payables	6,625	6,625	6,625	—
Loans from a shareholder	1,078	1,267	—	1,267
Other borrowing	5,602	5,900	5,900	—
	<u>13,305</u>	<u>13,792</u>	<u>12,525</u>	<u>1,267</u>

The Company

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 2 years but less than 5 years
31 December 2011	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and other payables	1,437	1,437	1,437	—
Loans from a shareholder	1,146	1,267	—	1,267
Other borrowing	6,163	6,300	6,300	—
	<u>8,746</u>	<u>9,004</u>	<u>7,737</u>	<u>1,267</u>
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 2 years but less than 5 years
31 December 2010	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and other payables	2,122	2,122	2,122	—
Loans from a shareholder	1,078	1,267	—	1,267
Other borrowing	5,602	5,900	5,900	—
	<u>8,802</u>	<u>9,289</u>	<u>8,022</u>	<u>1,267</u>

The basis for the going concern assumption is detailed in note 3(b).

(c) Interest rate risk

The Group's interest rate risk arises primarily from short-term borrowing. Borrowing issued at variable rates exposes the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out below.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	Group & Company			
	2011		2010	
	Effective interest rate (%)	HK\$'000	Effective interest rate (%)	HK\$'000
Floating rate borrowing				
Other borrowing	<u>6.8</u>	<u>5,000</u>	<u>18.0</u>	<u>5,000</u>

The interest rate and term of repayment of the Group's and the Company's other borrowing are disclosed in note 20.

At 31 December 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year and accumulated losses by approximately HK\$51,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

(d) Currency risk

As most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, and the Group conducted its business transactions principally in Hong Kong dollars during the years ended 31 December 2011 and 2010, currency risk to the Group is minimal. The Group considers that as the exchange rate risk of the Group is not significant, the Group did not employ any financial instruments for hedging purpose.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2011 and 2010.

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2011 and 2010 may be categorised as follows:

	2011 HK\$'000	2010 HK\$'000
Financial assets		
Loans and receivables (including cash and bank balances)	<u>5,170</u>	<u>11,527</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>10,070</u>	<u>13,305</u>

33. EVENT AFTER END OF REPORTING PERIOD

Subsequent to the end of reporting period, lender of unsecured other borrowing agreed to extend the repayment date to May 2013 on the same terms.

34. COMPARATIVE FIGURES

As a result of the separate presentation of the discontinued operations, certain comparative figures, including figures in consolidated statement of comprehensive income, consolidated statement of cash flows, and their related notes, have been restated or re-classified to conform with changes in disclosures in the current year.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 March 2012.

4. INDEBTEDNESS**Borrowings and contingent liabilities**

As at the close of business on 31 March 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had a loan from an independent third party with a carrying amount of approximately HK\$6.27 million and a loan from Vendor with a carrying amount of approximately HK\$1.16 million, in which the loan from Vendor was subsequently waived on 11 April 2012 as according to the Vendor Deed of Waiver. The Group did not have any material contingent liabilities.

Disclaimer

Apart from intra-group liabilities and normal trade payables, save as disclosed above, the Group did not have outstanding indebtedness as at the close of business on 31 March 2012 or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

5. NO MATERIAL CHANGE

As at the Latest Practicable Date, save as the Resumption Proposal which included the proposed acquisition of an IT business engaged in a patented server based font technology for its real time on-line communication software platform as mentioned in the Announcement and the Joint Announcement, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2011, being the date to which the last published audited financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Group, the Vendor and parties acting in concert with any of them), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

This Composite Document, for which all Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it) in compliance with the GEM Listing Rules, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief: (i) the information contained in this Composite Document is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Composite Document misleading; and (iii) all opinions expressed in this Composite Document have been arrived at after due and careful consideration and are founded on base and assumptions that are fair and reasonable.

2. CORPORATE INFORMATION OF THE COMPANY

The Company is an investment holding Company incorporated in the Cayman Islands and together with its subsidiaries are principally engaged in the provision of information localization services, the development and sale of software and custom-made solutions.

The Company was incorporated in the Cayman Islands on 9 January 2004 as an exempted Company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its head office and principal place of business of the Company in Hong Kong are located at Unit 903, 9/F Wings Building 110–116 Queen's Road Central, Hong Kong.

3. SHARE CAPITAL AND SHARE OPTIONS OF THE COMPANY

The authorised share capital and the issued share capital of the Company as at the Latest Practicable Date were HK\$40,000,000 divided into 4,000,000,000 shares and HK\$2,000,000 divided into 200,000,000 shares respectively.

All existing issued Shares rank pari passu in all respect including all rights as to dividends, voting and interests in capital.

Trading in the Shares has been suspended at the request of the Company since 22 March 2007 and will remain in suspension until further notice.

As at the Latest Practicable Date, the Company has no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

Since 31 December 2011, being the date to which the last published audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company had not issued any new Shares.

4. MARKET PRICES

Trading in the Shares has been suspended since 22 March 2007 and the table below shows the closing prices of the Shares quoted on the Stock Exchange on the Last Trading Day:

Date	Closing price per Share HK\$
22 March 2007 (being the Last Trading Day)	0.31

Trading in the Shares remains to be suspended on the Latest Practicable Date.

5. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions 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 Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed issuers.

As at the Latest Practicable Date, none of the Directors had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

(b) Interests and short positions of the substantial shareholders in the shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital were as follows:

(i) Interest in the Shares

Name of substantial shareholder	Capacity	No. of Shares	Approximate percentage of existing issued share capital of the Company
Mr. Lau Man Tak ^(Note)	Corporate interest	142,651,965(L)	71.33%
The Offeror	Beneficial owner	142,651,965(L)	71.33%

The letter "L" denotes a long position.

Note: Mr. Lau Man Tak is the sole shareholder and director of the Offeror and is deemed to be interested in the shares held by the Offeror.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

6. INTEREST IN THE COMPANY AND THE OFFEROR

As at the Latest Practicable Date,

- (a) none of the Company and the Directors were interested in or owned or controlled any shares, convertible securities, warrants options or derivatives of the Offeror;
- (b) save as disclosed in section 5 of this Appendix, none of the Offeror, its sole director nor parties acting in concert with the Offeror was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;
- (c) there was no shareholding in the Company which the Offeror or any party acting in concert with it has borrowed or lent;
- (d) there was no shareholding in the Company which the Company or any Directors has borrowed or lent;
- (e) save for the arrangement of resignation contemplated thereunder as set out under the section headed “Proposed change of composition of the Board” in the “Letter from Kingston Securities” and in the “Letter from the Board” respectively of this Composite Document, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (f) save for the arrangement of resignation as mentioned under the Joint Announcement and as set out under the section headed “Proposed change of composition of the Board” in the “Letter from Kingston Securities” and in the “Letter from the Board” respectively of this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (g) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

- (h) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code or with the Offeror or any person acting in concert with it;
- (i) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by fund managers connected with the Company;
- (j) no Independent Shareholder prior to the posting of this Composite Document had irrevocably committed himself or herself or itself to accept or reject the Offer;
- (k) none of the advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (l) none of the Company or any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company;
- (m) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer; and
- (n) all Shares to be acquired by the Offeror under the Offer will be financed by internal resources of the Offeror. Kingston Corporate Finance is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer. The Offeror has no intention to transfer, charge or pledge the Shares acquired in pursuance of the Offer to any other persons.

7. DEALINGS IN SECURITIES

During the Relevant Period,

- (a) save for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement as disclosed in the “Letter from Kingston Securities” in this Composite Document, none of the Offeror, its sole director nor parties acting in concert with the Offeror had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (b) none of the Company or the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;
- (c) none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (d) no fund managers who were connected with the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis;

- (e) none of the advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company; and
- (f) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.

8. DIRECTORS’ SERVICE CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies (a) which (including continuous or fixed term contracts) were entered into or amended within 6 months before the commencement of the Offer Period; (b) which were continuous contracts with a notice period of 12 months or more, or (c) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors has entered into any service contract or has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

No contracts of significance in relation to the Group’s business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

There was no material contract to which the Offeror is a party in which any Director has a material personal interest.

9. LITIGATION

Neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

10. MATERIAL CONTRACTS

The Company or any of its subsidiaries had, within the two years preceding the date of Announcement and up to and including the Latest Practicable Date, entered into the following contracts which are or may be material, other than contracts in the ordinary course of business of the Group:

- (a) the Facilities Letter;
- (b) the Hong Chang Deed of Waiver;
- (c) the Vendor Deed of Waiver; and

- (d) 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.

11. CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Kingston Corporate Finance	a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
Veda Capital Limited	a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
Vinco Capital	a licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Kingston Corporate Finance Limited, Kingston Securities, Veda Capital Limited and Vinco Capital have given and have not withdrawn their respective written consents to the issue of this Composite Document with the inclusion herein of their respective letters, opinions or advice (as the case may be) and references to their names in the form and context in which they respectively appear.

12. GENERAL

- (a) The registered office of the Offeror is situated at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgins Islands and the correspondence address of the Offeror is at Room 2101, 8 Wang Hoi Road, Kowloon Bay, Hong Kong. The sole director of the Offeror is Mr. Lau Man Tak and the sole shareholder of the Offeror is Mr. Lau Man Tak and their correspondence address is at Room 2101, 8 Wang Hoi Road, Kowloon Bay, Hong Kong.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is at Unit 903, 9/F Wings Building 110–116 Queen's Road Central, Central, Hong Kong. The Board comprises one Chairman and Chief Executive Officer, namely Mr. Cheung Yu Ping, one executive Director, namely Mr. Lee Ah Sang, and three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau.

- (c) The company secretary of the Company is Ms. Wong Chi Yan.
- (d) The registered office of Kingston Corporate Finance and Kingston Securities is situated at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (e) The registered office of Vinco Capital is Units 4909–10, 49/F, The Center, 99 Queen's Road Central, Hong Kong.
- (f) The registered office of Veda Capital Limited is Suite 3214, 32/F., Cosco Tower, 183 Queen's Road Central, Hong Kong.
- (g) In the event of inconsistency, the English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday except during public holidays) at (i) the principal place of business of the Company in Unit 903, 9/F Wings Building, 110–116 Queen's Road Central, Hong Kong; (ii) the website of the SFC at www.sfc.hk; and (iii) the website of the Company at www.aurumpacific.com.hk from 8 May 2012, being the date of this Composite Document, up to and including the Closing Date or the close of the Offer, whichever is later:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum and articles of association of the Company;
- (c) the first quarterly report of the Company for three months ended 31 March 2012;
- (d) the annual reports of the Company for the years ended 31 December 2010 and 31 December 2011;
- (e) the third quarterly report of the Company for the nine months ended 30 September 2011;
- (f) the interim report of the Company for the six months ended 30 June 2011;
- (g) the letter dated 8 May 2012 from Kingston Securities as set out on pages 6 to 12 of this Composite Document;
- (h) the letter dated 8 May 2012 from the Board as set out on pages 13 to 17 of this Composite Document;
- (i) the letter dated 8 May 2012 from the Independent Board Committee to the Independent Shareholders as set out on pages 18 to 19 of this Composite Document;
- (j) the letter dated 8 May 2012 from Vinco Capital to the Independent Board Committee as set out on pages 20 to 31 of this Composite Document;

- (k) the letter of consents referred to under the paragraph headed “Consents and qualifications” in this Appendix;
- (l) the material contracts disclosed under the paragraph headed “Material Contracts” in this Appendix; and
- (m) a copy of the Composite Document.