

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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2009

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

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

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

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

HIGHLIGHTS

- The turnover of the Group for the three months ended 31 March 2009 was approximately HK\$11,648,000, representing an increase of 8.2 times as compared with that of the corresponding period of last year.
- The gross profit of the Group for the three months ended 31 March 2009 was approximately HK\$1,864,000, representing an increase of 1.7 times as compared with that of the corresponding period of last year.
- The profit attributable to equity shareholders of the Company for the three months ended 31 March 2009 was approximately HK\$11,456,000, while loss of approximately HK\$2,709,000 was recorded in the corresponding period of last year.
- The Directors do not recommend the payment of a dividend for the three months ended 31 March 2009.

FIRST QUARTERLY UNAUDITED RESULTS

The board of directors of the Company (the “Board”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2009, together with the comparative figures for the corresponding period in 2008, as follows:

Condensed consolidated income statement

		Three months ended	
		31 March	
		2009	2008
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
Turnover	2	11,648	1,269
Cost of sales		(9,784)	(574)
Gross profit		1,864	695
Selling and distribution expenses		(466)	(102)
Administrative expenses		(1,633)	(2,834)
Loss from operations		(235)	(2,241)
Finance costs		(204)	(468)
Gain on disposal of subsidiaries	3	12,021	—
Profit/(loss) before taxation		11,582	(2,709)
Income tax	4	(126)	—
Profit/(loss) for the period		11,456	(2,709)
Attributable to:			
Equity shareholders of the Company		11,456	(2,709)
Basic profit/(loss) per share (cents)	6	5.73	(1.35)

Notes:

1. BASIS OF PREPARATION

The Group's first quarterly unaudited condensed financial statements of 2009 have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The first quarterly unaudited condensed financial statements of 2009 have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. These new and revised HKFRSs have no significant impact on the results or the financial position of the Group and the Company for current and previous accounting periods.

The Group has not early adopted any new standard or interpretation that is not yet effective for the current accounting period.

2. TURNOVER

Turnover represents the revenue from provision of custom-made solutions, trading of computer equipment, computerized smart sockets and related accessories, excludes value added or other sales taxes and is after the deduction of any trade discounts.

The amount of each significant category of revenue recognized in turnover is as follows:

	Three months ended	
	31 March	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of custom-made solutions	—	770
Trading of computer equipment, computerized smart sockets and related accessories	11,648	499
	11,648	1,269

3. GAIN ON DISPOSAL OF SUBSIDIARIES

	Three months ended	
	31 March	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net liabilities disposed of	14,186	—
Minority interests disposed of	1,476	—
Release of exchange reserves on disposal of subsidiaries	(3,641)	—
Cash consideration	—	—
	12,021	—

4. INCOME TAX

Taxation in the condensed consolidated income statement represents provision for Hong Kong profits tax calculated at 16.5% on the estimated assessable profits for the three months ended 31 March 2009. No provision for Hong Kong profits tax has been made for the same period of 2008 as the Group did not earn profits subject to Hong Kong profits tax for the three months ended 31 March 2008.

For the three months ended 31 March 2009 and 2008, no provision for PRC income tax has been made as the Group did not have assessable profit subject to the income tax rules and regulations in the PRC.

5. DIVIDENDS

No dividend has been paid or declared by the Company for the period ended 31 March 2009 (2008: Nil).

6. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

It is based on the profit attributable to equity holders of the Company for the three months ended 31 March 2009 of approximately HK\$11,456,000 (2008 :Loss HK\$2,709,000) and the weighted average of 200,000,000 (2008: 200,000,000) ordinary shares in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings or loss per share is not presented as there were no dilutive potential ordinary shares in issue during the three months ended 31 March 2009 and 2008.

7. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Capital surplus HK\$'000	General reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2008	30,224	—	15,090	2,927	(2,016)	(55,539)	(9,314)
Exchange differences arising on translation of overseas subsidiaries	—	—	—	—	(899)	—	(899)
Loss for the period	—	—	—	—	—	(2,709)	(2,709)
At 31 March 2008 (Unaudited)	30,224	—	15,090	2,927	(2,915)	(58,248)	(12,922)
At 1 January 2009	30,224	2,310	15,090	2,927	(3,641)	(65,250)	(18,340)
Transfer upon disposal of subsidiaries	—	—	(15,090)	(2,927)	—	18,017	—
Release upon disposal of subsidiaries	—	—	—	—	3,641	—	3,641
Waiver of amount due to a former shareholder	—	1,169	—	—	—	—	1,169
Profit for the period	—	—	—	—	—	11,456	11,456
At 31 March 2009 (Unaudited)	30,224	3,479	—	—	—	(35,777)	(2,074)

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

For the three months ended 31 March 2009, the Group recorded a turnover of approximately HK\$11,648,000, representing a substantial increase of approximately 8.2 times as compared with approximately HK\$1,269,000 for the same period in 2008. Profit attributable to equity shareholders of the Company was approximately HK\$11,456,000, which was mainly contributed by the gain on disposal of subsidiaries of approximately HK\$12,021,000, while a loss of approximately HK\$2,709,000 was recorded for the same period in 2008.

Financial Resource and Liquidity

As at 31 March 2009, the Group had bank balances and cash of approximately HK\$2,542,000 (31 December 2008: HK\$5,073,000), and loan from the controlling shareholder with a carrying value of HK\$12,396,000, which is unsecured, interest free and not repayable before 31 August 2013. As at 31 December 2008, the Group had loans from the controlling shareholder and a former shareholder with carrying values of HK\$12,210,000 and HK\$1,146,000 respectively. The loan from a former shareholder was entirely waived by the former shareholder on 31 March 2009. Furthermore, the existing controlling shareholder will provide continuing financial support to the Group whenever it is necessary.

Gearing Ratio

As at 31 March 2009, the total assets of the Group was approximately HK\$17,286,000 (31 December 2008: HK\$34,939,000) whereas the total liabilities was approximately HK\$17,360,000 (31 December 2008: HK\$49,803,000). The gearing ratio of the Group, calculated as total liabilities over total assets, has been substantially reduced to 100.4% (31 December 2008:142.5%) and the current ratio, calculated as current assets over current liabilities, has been greatly improved from 0.8 (as at 31 December 2008) to 2.0. The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

Foreign Exchange Exposure

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

Material Acquisition, Disposal and Significant Investment of the Group

During the period ended 31 March 2009, the Group disposed of its entire interest in the information localization business which had been dormant for more than two years. Further details are set out in the circular dated 25 March 2009. Save as disclosed above, the Group did not have any material acquisition, disposal and significant investment.

Pledge of Assets and Contingent Liabilities

As at 31 March 2009, the Group did not have any substantial pledge of assets and contingent liabilities.

Business Review and Prospects

During the period under review, the Group is principally engaged in the provision of custom-made solutions, trading of computerized smart sockets and related accessories. For the three months ended 31 March 2009, there was no income generated from custom-made solutions business; whereas the trading of computerized smart sockets business has grown gradually, which had contributed to the Group a turnover and gross profit of approximately HK\$11,648,000 and HK\$1,864,000 respectively. This has become an important business segment of the Group with stable and strong cash flow. The Group has been continuously expanding in the range of products and different market segments so as to provide high quality products and services to our customers. It is expected that the Group will generate income from its custom-made solutions business in the near future and continue to grow its trading business steadily.

The Group has disposed of its entire interest in the wholly owned subsidiary, Besto Investment Limited. The transaction was completed on 9 March 2009 and result in a gain on disposal of approximately HK\$12,021,000 to the Group. The disposed subsidiaries were originally engaged in the information localization business which has been dormant for more than two years. As a result of this disposal, the Group has had the distressed business disposed of, and has made a clean break against any potential liabilities arising from the bank loans therein. The improved performance of the Group, financially as well as operationally, has been apparent.

At the same time, the Group has undertaken a strategic review on its operations in order to improve the current business profile, and is committed to seeking all possibilities to provide additional and sufficient cash flow for the Group. As a result of the Group's initiatives, trading of the Company's shares could be resumed hopefully in the near future.

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

As at 31 March 2009, the interests and short positions of the Directors and the chief executive in the shares of the Company (the "Shares"), underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long positions in the shares of the Company

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

(ii) Long positions in the shares of associated corporation

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

Note:

- The interest in the Shares of Cheung Yu Ping was held through Hong Sheng Group Limited, the entire issued share capital of which was beneficially and ultimately owned as to 51% by Cheung Yu Ping and as to 49% by Cai Dongmei.

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

Substantial Shareholders

To the best knowledge of Directors, as at 31 March 2009, the following persons, other than the Directors or chief executive of the Company, had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were expected to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Notes:

1. The letter "L" denotes the entity's interests in the Shares.
2. The interest in the Shares of Cai Dongmei was held through Hong Sheng Group Limited, the entire issued share capital of which was beneficially and ultimately owned as to 51% by Cheung Yu Ping and as to 49% by Cai Dongmei.
3. The interest in the Shares are held through Simplex, the entire issued share capital of which was beneficially owned by Jiaoda Industrial Group. The registered capital of Jiaoda Industrial Group was owned as to 96.735% by Shanghai Jiao Tong University and 3.265% by Shanghai Jiaoda Enterprise Management Centre (上海交大企業管理中心), an entity wholly owned by Shanghai Jiao Tong University.

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 March 2009.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) which was adopted on 25 November 2003 whereby the Directors of the Company may at their discretion invite any employees, directors, suppliers, customers, advisers, consultants, joint venture partners, and any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any member of the Group or any invested entities, to take up options to subscribe for Shares. The Scheme became effective upon the listing of the Company’s shares on the GEM of the Stock Exchange on 9 January 2004.

Pursuant to the Scheme, the Company had granted the options at the exercise price of HK\$0.45 per share and HK\$0.14 per share on 17 January 2005 and 10 October 2005 respectively, all the options granted have lapsed in the past years. As at 31 March 2009, the Company had no outstanding options.

COMPETING INTERESTS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 of the GEM Listing Rules throughout the period ended 31 March 2009 except for the deviations from code provisions A.2.1 which is explained below.

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

AUDIT COMMITTEE

The Company has established audit committee with written terms of reference. The audit committee reviews the quarterly, interim and annual reports before submission to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Jin Guangjun, Mr. Law Kin Ho and Mr. Chan Wai Fat. Mr. Jin Guangjun is the chairman of the audit committee.

The audit committee has reviewed the accounting principles and practices adopted by the Company and other financial reporting matters, and discussed with the Board the internal controls and financial reporting matters, including a review of the first quarterly report for the period ended 31 March 2009.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2009, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2009.

SUFFICIENCY OF PUBLIC FLOAT

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

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

Hong Kong, 8 May 2009

As at the date of this announcement, the Board comprises three executive directors, who are Mr. Cheung Yu Ping, Mr. Chan Chi Chiu Henry and Mr. Lee Ah Sang, and three independent non-executive directors, who are Mr. Jin Guangjun, Mr. Law Kin Ho and Mr. Chan Wai Fat.

This announcement will remain on the page of "Latest Company Announcements" on the GEM website for at least 7 days from the date of its posting and the website of the Company at www.aurumpacific.com.hk.