

# 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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010**

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

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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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **SUMMARY**

For the six months ended 30 June 2010:

- The turnover was approximately HK\$22,144,000;
- The profit attributable to equity holders of the Company was approximately HK\$172,000; and
- The Directors do not recommend the payment of any interim dividend.

## INTERIM 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 six months ended 30 June 2010, together with the unaudited comparative figures for the corresponding period in 2009, as follows:

### Condensed consolidated statement of comprehensive income

		Three months ended		Six months ended	
		30 June		30 June	
		2010	2009	2010	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited and restated)	
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing Operations</b>					
Turnover	2	12,140	8,766	22,144	20,414
Cost of sales		(10,198)	(7,367)	(18,580)	(17,151)
Gross profit		1,942	1,399	3,564	3,263
Other revenue	4	176	—	176	1,170
Selling and distribution expenses		(485)	(345)	(865)	(811)
Administrative expenses		(1,242)	(1,341)	(2,171)	(2,974)
Profit/(loss) from operations		391	(287)	704	648
Finance costs	5	(183)	(189)	(300)	(393)
Profit/(loss) before income tax expense from continuing operations	6	208	(476)	404	255
Income tax expense	7	(120)	(66)	(232)	(192)
Profit/(loss) for the period from continuing operations		88	(542)	172	63
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	8	—	—	—	12,021
Profit/(loss) for the period		88	(542)	172	12,084
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations		—	—	—	3,641
Less: Reclassification adjustment for loss incurred in profit or loss		—	—	—	3,641
Total comprehensive income for the period		88	(542)	172	15,725

		Three months ended		Six months ended	
		30 June		30 June	
		2010	2009	2010	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited and restated)	
Notes		(Unaudited)	(Unaudited)	(Unaudited)	
Profit/(loss) attributable to equity holders of the Company		<u>88</u>	<u>(542)</u>	<u>172</u>	<u>12,084</u>
Total comprehensive income attributable to equity holders of the Company		<u>88</u>	<u>(542)</u>	<u>172</u>	<u>15,725</u>
Earnings/(loss) per share from continuing and discontinued operations					
— basic ( <i>HK Cent</i> )	10	<u>0.04</u>	<u>(0.27)</u>	<u>0.09</u>	<u>6.04</u>
Earnings/(loss) per share from continuing operations					
— basic ( <i>HK Cent</i> )	10	<u>0.04</u>	<u>(0.27)</u>	<u>0.09</u>	<u>0.03</u>

# Condensed consolidated statement of financial position

		At 30 June 2010 HK\$'000 (Unaudited)	At 31 December 2009 HK\$'000 (Audited)
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	11	<u>223</u>	<u>273</u>
<b>Current assets</b>			
Trade and other receivables	12	9,876	10,114
Cash and cash equivalents		<u>6,970</u>	<u>1,018</u>
<b>Total current assets</b>		<u>16,846</u>	<u>11,132</u>
<b>Current liabilities</b>			
Trade and other payables	13	4,994	3,429
Other loan payable	14	5,065	—
Tax payable		568	493
<b>Total current liabilities</b>		<u>(10,627)</u>	<u>(3,922)</u>
<b>Net current assets</b>		<u>6,219</u>	<u>7,210</u>
<b>Total assets less current liabilities</b>		6,442	7,483
<b>Non-current liabilities</b>			
Loans from a shareholder		<u>(6,445)</u>	<u>(7,658)</u>
<b>Net liabilities</b>		<u>(3)</u>	<u>(175)</u>
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		2,000	2,000
Reserves		<u>(2,003)</u>	<u>(2,175)</u>
<b>Total equity</b>		<u>(3)</u>	<u>(175)</u>

## Condensed statement of changes in equity

	Attributable to the equity holders of the Company							Non-	Total
	Share capital	Share premium	Capital reserve	Capital surplus	General reserve	Exchange reserve	Accumulated losses	Sub-total	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited and restated)	(unaudited and restated)	(unaudited)	(unaudited)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)
Balance at 1 January 2009 (audited)	2,000	30,224	2,310	15,090	2,927	(3,641)	(65,250)	(16,340)	1,476 (14,864)
Total comprehensive income for the period	—	—	—	—	—	3,641	12,084	15,725	— 15,725
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(1,476) (1,476)
Transfer of reserve upon disposal of subsidiaries	—	—	—	—	(2,927)	—	2,927	—	— —
Balance at 30 June 2009 (unaudited)	<u>2,000</u>	<u>30,224</u>	<u>2,310</u>	<u>15,090</u>	<u>—</u>	<u>—</u>	<u>(50,239)</u>	<u>(615)</u>	<u>— (615)</u>
Balance at 1 January 2010 (audited)	<b>2,000</b>	<b>30,224</b>	<b>2,964</b>	<b>15,090</b>	<b>—</b>	<b>—</b>	<b>(50,453)</b>	<b>(175)</b>	<b>— (175)</b>
Total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>172</u>	<u>172</u>	<u>— 172</u>
Balance at 30 June 2010 (unaudited)	<u><b>2,000</b></u>	<u><b>30,224</b></u>	<u><b>2,964</b></u>	<u><b>15,090</b></u>	<u><b>—</b></u>	<u><b>—</b></u>	<u><b>(50,281)</b></u>	<u><b>(3)</b></u>	<u><b>— (3)</b></u>

# Condensed consolidated statement of cash flows

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	952	(1,732)
Net cash used in investing activities	—	—
Net cash generated from/(used in) financing activities	<u>5,000</u>	<u>(541)</u>
Net increase/(decrease) in cash and cash equivalents	5,952	(2,273)
Cash and cash equivalents at beginning of the period	<u>1,018</u>	<u>5,073</u>
Cash and cash equivalents at end of the period represented by cash and bank balances	<u><u>6,970</u></u>	<u><u>2,800</u></u>

Notes:

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The unaudited 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 2009 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 financial statements.

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

## 2. TURNOVER

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing Operations</b>		
Trading of computer equipment and accessories	<b>21,628</b>	20,414
Provision of custom-made solutions	<b>516</b>	—
	<b>22,144</b>	20,414

## 3. 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 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:

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



**(a) Business Segment**

The following is an analysis of the Group's revenue and results by business segment for the period under review:

	Continuing operations				Discontinued operations			
	Computer equipment and accessories		Custom-made solutions		Information localisation services		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June	
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
								(unaudited and restated)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(Note 8)
Revenue from external customers	<u>21,628</u>	<u>20,414</u>	<u>516</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>22,144</u>	<u>20,414</u>
Reportable segment profit/(loss)	1,171	1,176	(185)	—	—	12,021	986	13,197
Depreciation	—	—	(47)	—	—	—	(47)	—
Income tax expense	(232)	(192)	—	—	—	—	(232)	(192)
							707	13,005
Unallocated corporate expenses							(235)	(528)
Finance costs							(300)	(393)
Profit for the period							<u>172</u>	<u>12,084</u>
							At 30 June 2010	At 31 December 2009
							HK\$'000	HK\$'000
							(Unaudited)	(Audited)
<b>Assets</b>								
Reportable segment assets from continuing operations:								
— Computer equipment and accessories							5,797	4,229
— Custom-made solutions							634	485
Unallocated corporate assets							<u>10,638</u>	<u>6,691</u>
Consolidated total assets							<u>17,069</u>	<u>11,405</u>
<b>Liabilities</b>								
Reportable segment liabilities from continuing operations:								
— Computer equipment and accessories							(4,095)	(2,750)
— Custom-made solutions							(206)	(130)
Unallocated corporate liabilities							<u>(12,771)</u>	<u>(8,700)</u>
Consolidated total liabilities							<u>(17,072)</u>	<u>(11,580)</u>

**(b) 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.

Revenues from one customer of the Group's computer equipment and accessories segment represent approximately 98% of the Group's total revenue.

**4. OTHER REVENUE**

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
Waiver of loan from a former shareholder	—	1,170
Imputed interest income	<u>176</u>	<u>—</u>
	<u><b>176</b></u>	<u><b>1,170</b></u>

**5. FINANCE COSTS**

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on other loan wholly repayable within one year	<b>65</b>	—
— Imputed interest on interest-free loans from a shareholder	<b>235</b>	376
— Imputed interest on interest-free loan from a former shareholder	<u>—</u>	<u>17</u>
	<u><b>300</b></u>	<u><b>393</b></u>

**6. PROFIT BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS**

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Staff costs (including directors' emoluments)		
— Salaries, wages and allowances	<b>855</b>	1,746
— Contributions to pension schemes	<u>17</u>	<u>44</u>
	<u><b>872</b></u>	<u><b>1,790</b></u>
Auditor's remuneration	<b>210</b>	240
Depreciation of property, plant and equipment	<b>50</b>	14
Write off of property, plant and equipment	—	85
Office rental	<u><b>143</b></u>	<u><b>291</b></u>

## **7. INCOME TAX EXPENSE**

Income tax expense in the condensed consolidated statement of comprehensive income represents provision for Hong Kong profits tax calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2010 and 2009.

## **8. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS**

On 2 March 2009, the Group entered into a sale agreement to dispose of its entire equity interest of Besto Investment Limited, a wholly owned subsidiary, and its subsidiaries (collectively the “Disposal Group”). The Disposal Group engaged in the business of providing information localisation services and had been dormant for more than two years. The disposal was completed on 9 March 2009, the date on which the control of Besto Investment Limited was passed to the acquirer and gave rise to a disposal gain of HK\$12,021,000 for the six months ended 30 June 2009, being the proceeds on disposal less the carrying amount of the Disposal Group’s net liabilities. No tax charge or credit arose from the disposal.

During the six months ended 30 June 2009, no cash outflow had been contributed by the discontinued operations.

## **9. DIVIDENDS**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: HK\$Nil).

## **10. EARNINGS PER SHARE**

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

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

The calculation is based on the profit attributable to equity holders of the Company of approximately HK\$172,000 (2009: HK\$12,084,000) and the number of ordinary shares of 200,000,000 (2009: 200,000,000) in issue during the period.

#### *(ii) From continuing operations*

The calculation is based on the profit for the period from continuing operations of HK\$172,000 (2009: HK\$63,000) and the number of ordinary shares of 200,000,000 (2009: 200,000,000) in issue during the period.

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

Diluted earnings per share is not presented as there were no dilutive potential ordinary shares in issue during the six months ended 30 June 2010 and 2009.

## **11. PROPERTY, PLANT AND EQUIPMENT**

For the six months ended 30 June 2010, the Group did not have any material acquisitions and disposal of property, plant and equipment.

In addition, during the six months ended 30 June 2009, the Group had written off certain computer equipments and furniture and fixtures with a carrying value of approximately HK\$85,000.

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2010 <i>HK\$'000</i> (Unaudited)	At 31 December 2009 <i>HK\$'000</i> (Audited)
Trade debtors	5,798	4,223
Other receivables, deposits and prepayments	<u>4,078</u>	<u>5,891</u>
	<u><b>9,876</b></u>	<u><b>10,114</b></u>

The Group allows an average credit period of 60 days to its trade debtors. The ageing analysis of trade receivables is as follows:

	At 30 June 2010 <i>HK\$'000</i> (Unaudited)	At 31 December 2009 <i>HK\$'000</i> (Audited)
Within 30 days	3,392	4,223
31 to 60 days	<u>2,406</u>	<u>—</u>
	<u><b>5,798</b></u>	<u><b>4,223</b></u>

## 13. TRADE AND OTHER PAYABLES

	At 30 June 2010 <i>HK\$'000</i> (Unaudited)	At 31 December 2009 <i>HK\$'000</i> (Audited)
Trade creditors	3,734	2,370
Other creditors and accrued charges	<u>1,260</u>	<u>1,059</u>
	<u><b>4,994</b></u>	<u><b>3,429</b></u>

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

	At 30 June 2010 <i>HK\$'000</i> (Unaudited)	At 31 December 2009 <i>HK\$'000</i> (Audited)
Within 30 days	3,353	2,258
31 to 60 days	175	—
61 to 90 days	<u>206</u>	<u>112</u>
	<u><b>3,734</b></u>	<u><b>2,370</b></u>

#### 14. OTHER LOAN PAYABLE

During the six months ended 30 June 2010, the Group obtained an unsecured short-term loan of HK\$5,000,000 from an independent third party. The loan bears an interest rate of 8% per annum, which is equivalent to Hong Kong dollar prime rate plus 3%, and is repayable within one year. At 30 June 2010, the carrying amount of other loan payable comprised the principal of HK\$5,000,000 and accrued interest of HK\$65,000.

#### 15. RELATED PARTY TRANSACTIONS

During the current period, the Group entered into the following transactions with related parties:

- (a) The Group paid rental expenses of HK\$143,000 (2009: HK\$291,000) to a related company. The spouse of Cheung Yu Ping, a director of the Company, is a substantial shareholder of the related company.
- (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 the reporting period which was estimated by discounting the nominal value of the loans at current market interest rate of similar financial instruments.
- (c) Details of remuneration of directors and other key management during the period was as follows:

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	500	1,641
Post employment benefits	<u>9</u>	<u>36</u>
	<u><u>509</u></u>	<u><u>1,677</u></u>

#### 16. COMPARATIVE FIGURES

During the year ended 31 December 2009, the Board obtained additional information about the accounting treatment on waiver of loan from a former shareholder of approximately HK\$1,170,000 and had re-classified the waived amount as other revenue. This waived amount was treated as capital contribution from a former shareholder and recorded under capital reserve in prior periods. Comparative figures for the six months ended 30 June 2009 have been restated to reflect this change. The effect is to decrease capital reserve and increase the consolidated profits for the six months ended 30 June 2009 by HK\$1,170,000, and to reduce the consolidated accumulated loss of the Group as at 30 June 2009 by the same amount. There is no tax effect in respect of this adjustment.

Certain comparative amounts have also been re-classified to conform with the current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Review

For the six months ended 30 June 2010, the Group recorded a total turnover of approximately HK\$22,144,000, representing a increase of 8.5% as compared with approximately HK\$20,414,000 for the same period in 2009. Profit attributable to equity holders of the Company amounted to approximately HK\$172,000, as compared to that of 2009 of approximately HK\$12,084,000. The significant decrease was mainly due to the one-off gain on disposal of subsidiaries during the six months ended 30 June 2009.

### *Financial Resource and Liquidity*

As at 30 June 2010, the Group had cash and bank balances of approximately HK\$6,970,000 (31 December 2009: HK\$1,018,000), and loans from the controlling shareholder with a carrying value of HK\$6,445,000 (31 December 2009: HK\$7,658,000), which are unsecured, interest free and are not repayable before 31 August 2013. In addition, during the current period, the Group obtained an unsecured short-term loan from an independent third party with carrying value of HK\$5,065,000 (31 December 2009: HK\$Nil), which bears an interest rate of 8% per annum, which is equivalent to Hong Kong dollar prime rate plus 3%, and is repayable within one year. All the cash and bank balances and the borrowings are denominated in Hong Kong dollars.

### *Gearing Ratio*

As at 30 June 2010, the total assets of the Group were approximately HK\$17,069,000 (31 December 2009: HK\$11,405,000) whereas the total liabilities was approximately HK\$17,072,000 (31 December 2009: HK\$11,580,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 100.0% (31 December 2009: 101.5%) and the current ratio, calculated as current assets over current liabilities, was 1.6 (31 December 2009: 2.8). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

### *Foreign Exchange Exposure*

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

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

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

### *Pledge of Assets and Contingent Liabilities*

As at 30 June 2010, 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 trading of computer equipment and related accessories, and provision of custom-made solutions. For the six months ended 30 June 2010, the business in trading of computer equipment has contributed a turnover and gross profit of approximately HK\$22,144,000 and HK\$3,564,000 to the Group respectively. This has become an important business segment of the Group with stable and strong cash flow. Also, the Group has resumed its business in custom-made solutions for provision of software on intranet security. This business contributed a turnover and gross profit of approximately HK\$516,000 and HK\$104,000 to the Group respectively. The Group will expand the products variety and improve service quality, which could highlight to current business profile and provide sufficient cash flow to the Group.

On 12 April 2010, the Company entered into a placing agreement (as supplemented on 28 April 2010) with a placing agent in relation to the placing of new shares of the Company whereby the placing agent agreed to place or procure the placing of new shares of the Company to not less than six placees being independent professional, institutional or other investor(s) not connected or acting in concert with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates under a specific mandate (“Placing”). Completions of the Acquisition and the Placing are inter-conditional. The Acquisition and the Placing form part of the proposal for the resumption of trading in the shares of the Company on the Stock Exchange (“Resumption Proposal”). The Group is actively in the progress of preparing the Resumption Proposal. As a result of the Group’s initiatives, trading of the Company’s shares could be resumed hopefully in the near future.

## **Employee Information and Remuneration Policy**

As at 30 June 2010, the Group employed 6 staff (2009: 8 staff). The staff cost (including directors’ remuneration) was approximately HK\$872,000 (2009: HK\$1,790,000) for the period under review. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee.

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

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

As at 30 June 2010, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

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 ("Hong Sheng")	Interest of a controlled corporation ( <i>Note 1</i> )	510	51%

*Note:*

1. The interest in the Shares of Cheung Yu Ping was held through Hong Sheng, 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. By virtue of the SFO, Cheung Yu Ping is deemed to be interested in the shares held by Hong Sheng.



## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

### Substantial Shareholders

To the best knowledge of Directors, as at 30 June 2010, the following persons, other than the Directors or chief executive of the Company, had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were expected to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Notes:

1. The letter “L” denotes the entity’s interests in the Shares.
2. The interest in the Shares of Cai Dongmei was held through Hong Sheng, 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. By virtue of the SFO, Cai Dongmei is deemed to be interested in Shares held by Hong Sheng.

3. The interest in the Shares is held through Simplex, the entire issued share capital of which 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.
4. The entire Shares held by Hong Sheng is charged with Kingston.
5. Kingston has a security interest in the entire Shares held by Hong Sheng as mentioned in Note 4 above.
6. The interest in the Shares is held through Kingston, the entire issued share capital of which was owned by Ample Cheer. The registered capital of Ample Cheer was owned as to 80% by Best Forth, an entity which was beneficially and wholly owned by Chu Yuet Wah. Accordingly, Chu Yuet Wah is deemed to be interested in the Shares in which Kingston is deemed to be interested as mentioned in Note 5 above.

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2010.

## **SHARE OPTION SCHEME**

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

Pursuant to the Scheme, the Company had granted options at the exercise price of HK\$0.45 per share and HK\$0.14 per share on 17 January 2005 and 10 October 2005 respectively, all the options granted had lapsed in the past years. As at 30 June 2010, 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 30 June 2010 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 primary duties of the audit committee are to review, in draft form, the Company's annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau. Mr. Chi Chi Hung, Kenneth is the chairman of the audit committee.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed with the Board the internal controls and financial reporting matters, including a review of the unaudited interim report for the period ended 30 June 2010.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 30 June 2010, 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 six months ended 30 June 2010.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

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

Hong Kong, 10 August 2010

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

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