

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 2010

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

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

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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.

SUMMARY

For the three months ended 31 March 2010:

- the turnover was approximately HK\$10,004,000;
- the profit attributable to equity holders of the Company was approximately HK\$84,000; and
- the Directors do not recommend the payment of any interim dividend.

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 2010, together with the comparative figures for the corresponding period in 2009 as follows:

Condensed consolidated statement of comprehensive income

		Three months ended 31 March	
		2010	2009
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
Continuing operations			
Turnover	2	10,004	11,648
Cost of sales		<u>(8,382)</u>	<u>(9,784)</u>
Gross profit		1,622	1,864
Other revenue	3	—	1,170
Selling and distribution expenses		(380)	(466)
Administrative expenses		<u>(929)</u>	<u>(1,633)</u>
Profit from operations		313	935
Finance costs	4	<u>(117)</u>	<u>(204)</u>
Profit before income tax expense	5	196	731
Income tax expense	6	<u>(112)</u>	<u>(126)</u>
Profit for the period from continuing operations		84	605
Discontinued operations			
Profit for the period from discontinued operations	7	<u>—</u>	<u>12,021</u>
Profit for the period		<u>84</u>	<u>12,626</u>
Other comprehensive income			
Exchange differences on translating foreign operations			
Less: Reclassification adjustment for loss incurred in profit or loss		<u>—</u>	<u>3,641</u>
Total comprehensive income for the period		<u>84</u>	<u>16,267</u>

Condensed consolidated statement of comprehensive income (Continued)

		Three months ended 31 March	
		2010	2009
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
Profit attributable to equity holders of the Company		<u>84</u>	<u>12,626</u>
Total comprehensive income attributable to equity holders of the Company		<u>84</u>	<u>16,267</u>
Earnings per share from continuing and discontinued operations — basic	9	<u>HK0.04 cents</u>	<u>HK6.31 cents</u>
Earnings per share from continuing operations — basic	9	<u>HK0.04 cents</u>	<u>HK0.30 cents</u>

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed first quarterly financial statements have been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 HKFRSs 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 these 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:

	Three months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing Operations		
Trading of computer equipment and accessories	9,488	11,648
Provision of custom-made solutions	516	—
	10,004	11,648

3. OTHER REVENUE

	Three months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Waiver of loan from a former shareholder	—	1,170

4. FINANCE COSTS

	Three months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on financial liabilities not at fair value through profit or loss		
— Imputed interest on interest-free loans from a shareholder	117	187
— Imputed interest on interest-free loan from a former shareholder	—	17
	117	204

5. PROFIT BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

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

	Three months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
— Salaries, wages and allowances	487	873
— Contributions to pension schemes	<u>9</u>	<u>22</u>
	<u>496</u>	<u>895</u>
Auditor's remuneration	105	120
Depreciation of property, plant and equipment	25	12
Write off of property, plant and equipment	—	85
Office rental	<u>95</u>	<u>260</u>

6. INCOME TAX EXPENSE

Taxation 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 three months ended 31 March 2010 and 2009.

7. 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 three months ended 31 March 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 three months ended 31 March 2009, no cash outflow had been contributed by the discontinued operations.

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2010 (2009: HK\$Nil).

9. EARNINGS PER SHARE

(a) Basic earnings 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\$84,000 (2009: HK\$12,626,000) 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\$84,000 (2009: HK\$605,000) and the number of ordinary shares of 200,000,000 (2009: 200,000,000) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share is not presented as there were no dilutive potential ordinary shares in issue during the three months ended 31 March 2010 and 2009.

10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company							Minority interests	Total
	Share capital	Share premium	Capital reserve	Capital surplus	General reserve	Exchange reserve	Accumulated losses		
	(unaudited)	(unaudited)	(unaudited and restated)	(unaudited and restated)	(unaudited)	(unaudited)	(unaudited and restated)	(unaudited)	(unaudited and restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	12,626	16,267	— 16,267
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(1,476) (1,476)
Transfer of reserve upon disposal of subsidiaries	—	—	—	—	(2,927)	—	2,927	—	—
Balance at 31 March 2009 (unaudited)	<u>2,000</u>	<u>30,224</u>	<u>2,310</u>	<u>15,090</u>	<u>—</u>	<u>—</u>	<u>(49,697)</u>	<u>(73)</u>	<u>— (73)</u>
Balance at 1 January 2010 (audited)	2,000	30,224	2,964	15,090	—	—	(50,453)	(175)	— (175)
Total comprehensive income for the period	—	—	—	—	—	—	84	84	— 84
Balance at 31 March 2010 (unaudited)	<u>2,000</u>	<u>30,224</u>	<u>2,964</u>	<u>15,090</u>	<u>—</u>	<u>—</u>	<u>(50,369)</u>	<u>(91)</u>	<u>— (91)</u>

11. 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 three months ended 31 March 2009 have been restated to reflect this change. The effect is to decrease capital reserve and increase the consolidated profits for the three months ended 31 March 2009 by HK\$1,170,000, and to reduce the consolidated accumulated loss of the Group as at 31 March 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 three months ended 31 March 2010, the Group recorded a total turnover of approximately HK\$10,004,000, representing a decrease of 14% as compared with approximately HK\$11,648,000 for the same period in 2009. Profit attributable to equity holders of the Company amounted to approximately HK\$84,000, as compared to that of 2009 of approximately HK\$12,626,000. The significant decrease was mainly due to the one-off gain on disposal of subsidiaries during the three months ended 31 March 2009.

Financial Resource and Liquidity

As at 31 March 2010, the Group had cash and bank balances of approximately HK\$858,000 (31 December 2009: HK\$1,018,000), and loans from the controlling shareholder with a carrying value of HK\$5,728,000 (31 December 2009: HK\$ 7,658,000), which are unsecured, interest free and are not repayable before 31 August 2013.

Gearing Ratio

As at 31 March 2010, the total assets of the Group were approximately HK\$12,362,000 (31 December 2009: HK\$11,405,000) whereas the total liabilities was approximately HK\$12,453,000 (31 December 2009: HK\$11,580,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 100.7% (31 December 2009: 101.5%) and the current ratio, calculated as current assets over current liabilities, was 1.8 (31 December 2009: 2.8). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

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 three months ended 31 March 2010, the business in trading of computer equipment has contributed a turnover and gross profit of approximately HK\$9,488,000 and HK\$1,518,000 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 31 March 2010, 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**”). Also, 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.

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

As at 31 March 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 31 March 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 31 March 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 31 March 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 31 March 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 first quarterly report for the period ended 31 March 2010.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 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 three months ended 31 March 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 May 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.