

# **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 2016**

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

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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 three months ended 31 March 2016:

- the revenue from continuing operations was approximately HK\$8,247,000;
- the loss attributable to owners of the Company was approximately HK\$4,870,000; 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 2016, together with the comparative figures for the corresponding period in 2015 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE MONTHS ENDED 31 MARCH 2016

(Expressed in Hong Kong dollars)

		Three months ended	
		31 March	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Re-presented)
		Notes	
<b>Continuing operations</b>			
Revenue	2	8,247	5,479
Cost of sales		(1,777)	(1,786)
Gross profit		6,470	3,693
Other revenue		–	86
Changes in fair value of consideration payable for business combination		(347)	(330)
Administrative expenses		(6,624)	(6,759)
Research and development expenses		(1,631)	(967)
Selling and distribution expenses		(773)	(926)
Loss before taxation	3	(2,905)	(5,203)
Income tax (expenses)/credit	4	(42)	41
Loss for the period from continuing operations		(2,947)	(5,162)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	6	(2,770)	(762)
Loss for the period		(5,717)	(5,924)

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2016</b>	<b>2015</b>
<i>Note</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Attributable to:</b>			
– owners of the Company		<b>(4,870)</b>	(5,548)
– non-controlling interests		<b>(847)</b>	(376)
		<u><b>(5,717)</b></u>	<u>(5,924)</u>
<b>Loss per share</b>		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
			<b>(Restated)</b>
From continuing and discontinued operations			
– Basic and diluted	7	<u><b>(0.97)</b></u>	<u>(1.54)</u>
From continuing operations			
– Basic and diluted	7	<u><b>(0.59)</b></u>	<u>(1.43)</u>
From discontinued operation			
– Basic and diluted	7	<u><b>(0.38)</b></u>	<u>(0.11)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE THREE MONTHS ENDED 31 MARCH 2016*

*(Expressed in Hong Kong dollars)*

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period</b>	<b>(5,717)</b>	<b>(5,924)</b>
<b>Other comprehensive income/(expense) for the period</b>		
Items that may be classified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	<u><b>1,716</b></u>	<u><b>(3)</b></u>
<b>Total comprehensive expense for the period</b>	<u><b>(4,001)</b></u>	<u><b>(5,927)</b></u>
<b>Attributable to:</b>		
– owners of the Company	<b>(3,245)</b>	<b>(5,551)</b>
– non-controlling interests	<u><b>(756)</b></u>	<u><b>(376)</b></u>
	<u><b>(4,001)</b></u>	<u><b>(5,927)</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**  
*(Expressed in Hong Kong dollars)*

	Attributable to owners of the Company						Non-		Total
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital surplus HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	controlling interests HK\$'000	
At 1 January 2015 (Audited)	12,000	142,285	2,427	16,699	(103)	(56,396)	116,912	11,056	127,968
Loss for the period	-	-	-	-	-	(5,548)	(5,548)	(376)	(5,924)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive expense for the period	-	-	-	-	(3)	(5,548)	(5,551)	(376)	(5,927)
Issue of shares (note 8)	2,400	(2,400)	-	-	-	-	-	-	-
	2,400	(2,400)	-	-	(3)	(5,548)	(5,551)	(376)	(5,927)
At 31 March 2015 (Unaudited)	14,400	139,885	2,427	16,699	(106)	(61,944)	111,361	10,680	122,041
At 1 January 2016 (Audited)	20,160	274,640	2,427	16,699	(6,450)	(76,527)	230,949	4,618	235,567
Loss for the period	-	-	-	-	-	(4,870)	(4,870)	(847)	(5,717)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	-	-	-	-	1,625	-	1,625	91	1,716
Total comprehensive income/(expense) for the period	-	-	-	-	1,625	(4,870)	(3,245)	(756)	(4,001)
At 31 March 2016 (Unaudited)	20,160	274,640	2,427	16,699	(4,825)	(81,397)	227,704	3,862	231,566

Notes:

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed first quarterly consolidated financial information 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 information have been prepared under the historical cost basis except that contingent consideration payable for business combination is stated at its fair value. 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 2015 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. REVENUE

Revenue represents the sales value of goods and services supplied to customers from the provision of software platform and interest income earned from the money lending business, as follows:

	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
Provision of software platform	5,467	5,479
Interest income from money lending	2,780	–
	<u>8,247</u>	<u>5,479</u>

### 3. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
<b>Continuing operations</b>		
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	<b>5,593</b>	4,338
– Contributions to defined contribution retirement plan	<b>231</b>	189
	<b>5,824</b>	4,527
Auditor's remuneration	<b>163</b>	132
Amortisation of intangible assets	<b>539</b>	912
Depreciation of property, plant and equipment	<b>368</b>	158

### 4. INCOME TAX RELATING TO CONTINUING OPERATIONS

Income tax in the condensed consolidated statement of profit or loss represents:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
<b>Current tax</b>		
– Hong Kong Profits Tax Provision for the period	<b>79</b>	–
<b>Deferred tax</b>	<b>(37)</b>	(41)
<b>Total income tax expenses/(credit)</b>	<b>42</b>	(41)

The provision for Hong Kong Profits Tax for the three months ended 31 March 2016 is calculated at 16.5% of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made for the three months ended 31 March 2015 as the group companies comprising continuing operations have either tax losses brought forward in excess of the assessable profits for the period or do not have any estimated assessable profits subject to Hong Kong Profits Tax during the period.



Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the respective jurisdictions.

No provision for enterprise income tax of the PRC has been made as the subsidiaries incorporated in the PRC have estimated tax losses for the periods ended 31 March 2016 and 2015.

## 5. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2016 (2015: HK\$Nil).

## 6. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION

On 9 March 2016, the Company entered into a sale and purchase agreement in relation to a proposed disposal of entire equity interest of Native Hope Limited and its subsidiaries (together, “NH Group”) (the “Disposal”), which carried out custom-made software development business including urban grid management system, internet marketing and other projects.

As at 31 March 2016, the directors of the Company are of the opinion that the Disposal is highly probable. Hence, the custom-made software development services are presented as discontinued operation and some of the comparative figures for the period ended 31 March 2015 have been restated accordingly.

The loss for the period from the discontinued operation is set out below. The comparative figures in condensed consolidated statement of comprehensive income have been restated to re-present custom-made software development services as discontinued operation.

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>103</b>	1,867
Cost of sales	<b>(695)</b>	–
Other revenue	<b>4</b>	78
Administrative expenses	<b>(1,620)</b>	(2,640)
Selling and distribution expenses	<b>(190)</b>	(150)
	<hr/>	<hr/>
Loss before taxation	<b>(2,398)</b>	(845)
Income tax (expenses)/credit	<b>(372)</b>	83
	<hr/>	<hr/>
Loss for the period	<b>(2,770)</b>	(762)

Loss for the period from the discontinued operation include the following:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	<b>1,292</b>	853
– Contributions to defined contribution retirement plan	<b>47</b>	–
	<b>1,339</b>	853
Auditor's remuneration	–	–
Amortisation of intangible assets	<b>585</b>	1,180
Depreciation of property, plant and equipment	<b>15</b>	16

## 7. LOSS PER SHARE

### (a) Basic loss per share

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

The calculation is based on the loss for the period attributable to owners of the Company of HK\$4,870,000 (2015: HK\$5,548,000) and the weighted average number of ordinary shares of 504,000,000 (2015 (restated): 360,000,000) in issue during the period.

#### (ii) From continuing operations

The calculation is based on loss for the period from continuing operations attributable to owners of the Company of HK\$2,947,000 (2015 (restated): HK\$5,162,000) and the weighted average number of ordinary shares of 504,000,000 (2015 (restated): 360,000,000) in issue during the period.

#### (iii) From discontinued operation

The calculation is based on loss for the period from the discontinued operation attributable to owners of the Company of HK\$1,923,000 (2015 (restated): HK\$386,000) and the weighted average number of ordinary shares of 504,000,000 (2015 (restated): 360,000,000) in issue during the period.

The weighted average number of ordinary shares for the periods ended 31 March 2016 and 2015 above has been adjusted retrospectively for the share consolidation which were completed on 22 February 2016 (see note 8(v)) and the separate presentation of the discontinued operation (see note 9).

(b) **Diluted loss per share**

The diluted loss per share for the periods ended 31 March 2016 and 2015 is the same as the basic loss per share as there were no potentially dilutive ordinary shares in issue.

8. **SHARE CAPITAL**

(i) **Authorised and issued share capital**

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares		
At 1 January 2015 of HK\$0.02 each	2,000,000	40,000
Share subdivision ( <i>note (ii)</i> )	8,000,000	–
	<hr/>	<hr/>
At 31 March 2015 and 1 January 2016 of HK\$0.004 each	10,000,000	40,000
Share consolidation ( <i>note(iv)</i> )	(9,000,000)	–
Increase in authorised capital ( <i>note (v)</i> )	2,000,000	80,000
	<hr/>	<hr/>
At 31 March 2016 of HK\$0.04 each	<u>3,000,000</u>	<u>120,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares		
At 1 January 2015 of HK\$0.02 each	600,000	12,000
Share subdivision ( <i>note (ii)</i> )	2,400,000	–
Issue of shares ( <i>note (iii)</i> )	600,000	2,400
	<hr/>	<hr/>
At 31 March 2015 of HK\$0.004 each	<u>3,600,000</u>	<u>14,400</u>
At 1 January 2016 of HK\$0.004 each	5,040,000	20,160
Share consolidation ( <i>note(iv)</i> )	(4,536,000)	–
	<hr/>	<hr/>
At 31 March 2016 of HK\$0.04 each	<u>504,000</u>	<u>20,160</u>

(ii) **Share subdivision**

By an ordinary resolution passed at the extraordinary general meeting on 5 January 2015, every issued and unissued ordinary shares of HK\$0.02 each were subdivided into five new ordinary shares of HK\$0.004 each (the “Share Subdivision”). Following the Share Subdivision which became effective on 6 January 2015, the Company’s authorised share capital was HK\$40,000,000 divided into 10,000,000,000 shares of HK\$0.004 each, of which 3,000,000,000 ordinary shares were in issue and fully paid.

**(iii) Issue of shares**

On 19 January 2015, the Company issued 600,000,000 ordinary shares of HK\$0.004 each on the basis of one new share for every five existing shares then held (the “Bonus Issue”). These new shares were credited as fully paid by capitalisation of HK\$2,400,000 standing to the credit of share premium account. Details of the Bonus Issue are set out in the Company’s circular and announcement dated 17 December 2014 and 19 January 2015 respectively.

**(iv) Share consolidation**

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, every 10 issued and unissued ordinary shares of HK\$0.004 each were consolidated into 1 new ordinary share (the “Consolidated Share”) of HK\$0.04 each (the “Share Consolidation”). Following the Share Consolidation which has become effective on 22 February 2016, the authorised share capital of the Company are HK\$40,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.04 each, of which 504,000,000 Consolidated Shares are in issue and fully paid. Details of the Share Consolidation are set out in the Company’s announcements dated 8 January 2016 and 19 February 2016 and the Company’s circular dated 29 January 2016.

**(v) Increase in authorised share capital**

Upon the Share Consolidation becoming effective, the authorised share capital of the Company was increased from HK\$40,000,000 divided into 1,000,000,000 shares to HK\$120,000,000 divided into 3,000,000,000 shares by the creation of an additional 2,000,000,000 shares of the Company and such shares shall rank pari passu with all existing shares of the Company was approved by the shareholders of the Company in an extraordinary general meeting on 19 February 2016.

**9. COMPARATIVE FIGURES**

As a result of the separate presentation of the discontinued operation, certain comparative figures, including figures in condensed consolidated statement of comprehensive income and their related notes, have been re-presented to conform to changes in disclosure in this announcement.

**10. EVENTS AFTER THE REPORTING PERIOD**

**(a) Open offer**

On 29 March 2016, the Company and Gransing Securities Co., Limited entered into an underwriting agreement in relation to the proposed issue by way of open offer to the qualifying shareholders on the basis of one offer share for every two existing shares held on the record date (i.e. 21 April 2016) at the subscription price of HK\$0.24 per offer share (“Open Offer”). The Open Offer will raise approximately HK\$60.48 million before deduction of expenses by issuing 252,000,000 offer shares. The Open Offer is expected to be completed on 17 May 2016. Details of the Open Offer are set out in the Company’s announcements dated 29 March 2016 and 14 April 2016 and the Company’s prospectus dated 22 April 2016.

**(b) Amendments to share options scheme**

On 29 April 2016, the Company passed an ordinary resolution at the extraordinary general meeting to amend the definition of “Eligible Participant” of the share option scheme adopted on 8 May 2013 (the “Share Option Scheme”) and the definition of “Invested Entity” be added to the Share Option Scheme. Details of the Share Option Scheme were disclosed under the paragraph headed “SHARE OPTION SCHEME”. Details of the amendments to the Share Option Scheme are set out in the Company’s announcement dated 29 April 2016 and the Company’s circular dated 13 April 2016.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

For the three months ended 31 March 2016, the Group recorded a total revenue from continuing operations of approximately HK\$8,247,000 as compared with approximately HK\$5,479,000 for the same period in 2015. The increase in revenue from continuing operations was mainly due to contribution of the revenue of approximately HK\$2,780,000 from the new money lending business commenced on 22 October 2015. Loss attributable to owners of the Company decreased to approximately HK\$4,870,000, as compared with that of approximately HK\$5,548,000 for the same period in 2015. The decrease in loss was mainly attributable to the growth in revenue from the money lending business, though such revenue was partially offset by an increase in the loss from the discontinued operation.

### **DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the three months ended 31 March 2016 (2015: HK\$Nil).

### **BUSINESS REVIEW AND PROSPECT**

For the three months ended 31 March 2016, the Group engaged in (i) developing and marketing of the patented server based technology and the provision of communications software platform and software related services with primary focus in the government industry sector; (ii) the provision of website development, education and communications software platform which focuses on the development of syllabus and contents for Chinese Language teaching and learning in primary and secondary schools and enterprises; (iii) the custom-made software development services including urban grid management system, internet marketing and other projects; and (iv) money lending business.

#### **Software Platform**

The segment revenue from continuing operations for the period amounted approximately HK\$5,467,000 (2015: the segment revenue from continuing operations of approximately HK\$5,479,000). The custom-made software development services are classified as discontinued operation and the related financial information are disclosed in note 6.

Keep up with the ever-changing IT environment, the Group closely monitors the IT trend and continuously upgrades its products.

## **Money Lending Business**

The Company has tried to seek for other investment opportunities in order to broaden the income sources. On 22 October 2015, the Group commenced its financing business (the “Money Lending Business”) through Aurum Pacific Finance Limited, an indirect wholly-owned subsidiary of the Company, which was granted a money lenders licence by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Group adopted the money lending policy and procedure manual which provide guidelines on the handling and/or monitoring of money lending procedures according to the Money Lenders Ordinance (Chapter 163 of the Laws of the Hong Kong). The Money Lending Business made positive progress in its development and became one of the sources for the Group’s profit for the period ended 31 March 2016. The interest income for the period ended 31 March 2016 amounted to approximately HK\$2,780,000. In addition, the Group has not recorded any doubtful or bad debt in all its money lending activities during the period ended 31 March 2016.

We intend to continue taking efforts in developing and upgrading our products with a generic growth of the business in order to deploy appropriate operation strategies to meet the challenges posted by the competitive market to improve the performance. Looking forward, the Group will continue to seek for other business opportunities or investments if appropriate, to ensure a stable prospect for the shareholders as a whole.

## **Financial Resource and Liquidity**

The Group’s business operations and investments are in Hong Kong and the People’s Republic of China (the “PRC”). At 31 March 2016, the Group had cash and bank balances from continuing and discontinued operations of approximately HK\$25,962,000 (31 December 2015: HK\$38,725,000). Most of the cash and bank balances are denominated in Hong Kong dollars, Renminbi and United States dollars. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

## **Gearing Ratio**

At 31 March 2016, total assets from continuing and discontinued operations of the Group were approximately HK\$279,880,000 (31 December 2015: HK\$273,819,000) whereas total liabilities from continuing and discontinued operations were approximately HK\$48,314,000 (31 December 2015: HK\$38,252,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 17.3% (31 December 2015: 14%) and the current ratio, calculated as current assets over current liabilities, was 6.2 (31 December 2015: 9.4). The Directors will continue to take measures to improve the liquidity and gearing position of the Group.

## Capital Structure

As at 31 March 2016, the authorised share capital of the Company was HK\$120,000,000 divided into 3,000,000,000 shares of HK\$0.04 each, of which 504,000,000 ordinary shares were in issue and fully paid.

### *Share Consolidation*

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, pursuant to the share consolidation (the “Share Consolidation”), every 10 issued and unissued shares of HK\$0.004 each were consolidated into 1 consolidated share (the “Consolidated Share”) of HK\$0.04 each. Following the Share Consolidation which has become effective on 22 February 2016, the authorised share capital of the Company are HK\$40,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.04 each, of which 504,000,000 Consolidated Shares are in issue and fully paid. Details of the Share Consolidation are set out in the Company’s announcements dated 8 January 2016 and 19 February 2016 and the Company’s circular dated 29 January 2016.

### *Increase in Authorised Share Capital*

Upon the Share Consolidation becoming effective, the authorised share capital of the Company was increased from HK\$40,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.04 each to HK\$120,000,000 divided into 3,000,000,000 Consolidated Shares of HK\$0.04 each by the creation of an additional 2,000,000,000 Consolidated Shares of the Company and such shares shall rank pari passu with all existing shares of the Company was approved by the shareholders of the Company in an extraordinary general meeting on 19 February 2016.

### *Open Offer*

On 29 March 2016, the Company and Gransing Securities Co., Limited entered into an underwriting agreement in relation to the issue by way of open offer to the qualifying shareholders on the basis of one offer share for every two existing shares held on the record date (i.e. 21 April 2016) at the subscription price of HK\$0.24 per offer share (“Open Offer”). The Open Offer will raise approximately HK\$60.48 million before deduction of expenses by issuing 252,000,000 offer shares. The Open Offer is expected to be completed on 17 May 2016. The Group intends to apply the net proceeds from the Open Offer as to (i) approximately HK\$40 million, will be utilised for the development of money lending business and (ii) the remaining, will be utilised for general working capital. Details of the Open Offer are set out in the Company’s announcements dated 29 March 2016 and 14 April 2016 and the Company’s prospectus dated 22 April 2016.

## **Foreign Exchange Exposure**

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

## **Pledge of Assets and Contingent Liabilities**

At 31 March 2016, the Group did not have any substantial pledge of assets and substantial contingent liabilities.

## **Material Acquisition, Disposal and Significant Investment**

On 20 January 2016, a wholly owned subsidiary of the Company and a vendor entered into a MOU in relation to a proposed acquisition of a target company which is principally engaged in mobile games development, operation and promotion in the PRC. Details of the MOU is set out in the announcement of the Company dated 20 January 2016. The proposed acquisition has not yet been completed as at the date of this announcement.

On 9 March 2016, the Company and a purchaser who is a connected person at the subsidiary level of the Company under the GEM Listing Rules entered into a sale and purchase agreement (“SPA”) in relation to a proposed disposal of entire equity interest of NH Group (the “Disposal”). As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and Shareholders’ approval requirements under Rule 20.99 of the GEM Listing Rules. NH Group is mainly involved in the business of the provision of software platform. Details of the SPA are set out in announcements of the Company dated 9 March 2016 and 29 April 2016.

On 11 March 2016, the Company and a vendor entered into a MOU in relation to a proposed acquisition of the target. The target group is principally engaged in development, operation and publication of mobile games and applications. Details of the MOU is set out in the announcement of the Company dated 11 March 2016. The proposed acquisition has not yet been completed as at the date of this announcement.



On 31 March 2016, the Company and a vendor entered into a MOU in relation to a proposed acquisition of a target company which is principally engaged in holding a commercial property located in Hong Kong. Details of the MOU is set out in the announcement of the Company dated 31 March 2016. The proposed acquisition has not yet been completed as at the date of this announcement.

Apart from those disclosed in the sections headed “Material Acquisition, Disposal and Significant Investment” in this announcement, the Group did not have any other material acquisition, disposal and significant investment during the period ended 31 March 2016.

### **Events after the Reporting Period**

Details of events after the reporting period are set out in note 10 to this announcement.

### **DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES OF THE COMPANY**

As at 31 March 2016, none of the Directors and chief executives of the Company was deemed to have any interests and short positions 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 to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES OF THE COMPANY

### Substantial Shareholders

To the best knowledge of the Directors, as at 31 March 2016, the following persons, other than the Directors or chief executive of the Company, had, or was deemed or taken to have, 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 5% 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 of substantial shareholders	Capacity	Number of shares and underlying shares held (Note 1)	Approximate percentage of shareholding
Mr. Zhang Weijie	Beneficial owner (Note 2)	43,840,000 (L)	8.70%
Gransing Securities Co., Limited ("Gransing Securities")	Beneficial owner (Note 3)	252,000,000 (L)	33.33%
Gransing Financial Holdings Limited	Interest of controlled corporations (Note 3)	252,000,000 (L)	33.33%
Mr. Kwok Shun Tim	Interest of controlled corporations (Note 3)	252,000,000 (L)	33.33%
Ms. Yip Nga Wan	Interest of spouse (Note 3)	<u>252,000,000 (L)</u>	<u>33.33%</u>

#### Notes:

1. The letter "L" denotes the entity's interests in the Shares.
2. The number of shares stated is adjusted by taking into account the effect of the completion of share consolidation of the Company on 22 February 2016.
3. The total of 252,000,000 Shares represent the offer shares that Gransing Securities has agreed to underwrite pursuant to the terms of the underwriting agreement dated 29 March 2016 entered into among the Company and Gransing Securities in relation to the underwriting arrangement for the open offer as announced by the Company on 29 March 2016. Based on the notices of disclosure of interests of Gransing Securities, Gransing Financial Holdings Limited, Mr. Kwok Shun Tim and Ms. Yip Nga Wan filed with the Stock Exchange on 1 April 2016, Gransing Securities is wholly-owned by Gransing Financial Holdings Limited, which is in turn 95.24% owned by Mr. Kwok Shun Tim. Ms. Yip Nga Wan is the spouse of Mr. Kwok Shun Tim.

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 2016.

## **DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO PURCHASE SHARES OR DEBT SECURITIES**

At no time during the period ended 31 March 2016 was the Company or any of its subsidiaries a party to any arrangements to enable any of the Directors and chief executive, their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company, of the Company or any other body corporate.

## **SHARE OPTION SCHEME**

On 8 May 2013, the Company passed an ordinary resolution at the annual general meeting to adopt a new share option scheme (the "Share Option Scheme") whereby the Board may grant share options to employees, directors, suppliers, consultants, agents and advisers or any person, at its discretion, for the primary purpose to recognize and motivate their contributions to the Group. The Share Option Scheme is valid for a period of 10 years commencing from 8 May 2013. Details of the Share Option Scheme were set out in the circular of the Company dated 27 March 2013.

The total number of share option that could be granted was 420,000,000 shares at par value of HK\$0.004 each, representing approximately 10% of the total issued shares of the Company on the date of passing the resolution to refresh the Share Option Scheme limit at the annual general meeting on 7 May 2015.

The Share Consolidation was approved by the shareholders of the Company as an ordinary resolution at an extraordinary general meeting held on 19 February 2016 and becoming effective on 22 February 2016. As at the date of this announcement, 42,000,000 consolidated shares at par value of HK\$0.04 each, representing approximately 8.33% of the total issued shares of the Company, can be issued under the Share Option Scheme.

For the period ended 31 March 2016 and up to date of this announcement, the Company had not granted any options and no outstanding options under the Share Option Scheme.

On 29 April 2016, the Company passed an ordinary resolution at the extraordinary general meeting to amend the definition of "Eligible Participant" of the Share Option Scheme and the definition of "Invested Entity" be added to the Share Option Scheme ("Amendments to the Share Option Scheme"). Details of the Amendments to the Share Option Scheme are set out in the Company's announcement dated 29 April 2016 and the Company's circular dated 13 April 2016.

## **CONNECTED TRANSACTION**

On 9 March 2016, the Company and a purchaser who is a connected person at the subsidiary level of the Company under the GEM Listing Rules entered into a sale and purchase agreement (“SPA”) in relation to a proposed disposal of entire equity interest of NH Group (the “Disposal”). As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and Shareholders’ approval requirements under Rule 20.99 of the GEM Listing Rules. NH Group is mainly involved in the business of the provision of software platform. Details of the Disposal are set out in the Company’s announcements dated 9 March 2016 and 29 April 2016.

## **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.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintain corporate governance of high standards and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximizing returns to shareholders.

The Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 15 of the GEM Listing Rules throughout the period ended 31 March 2016 except the CG Code provision A.2.1.

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of Chief Executive Officer (“CEO”) since the resignation of the former CEO, Mr. Mo Wai Hing, Lawrence of the Company on 8 October 2015. Mr. Chan Wai Kit, the deputy chairman of the Company, also assumes the duties of the CEO during the period under review. The Board believes that vesting the roles of chairman and chief executive officer in the same individual provided the Group with strong and consistent leadership in the development and execution of long-term business strategies.

## **AUDIT COMMITTEE**

The Company has established audit committee with written terms of reference which was amended on 7 January 2016. 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, risk management and internal control of the Group. As at the date of this announcement, the audit committee comprises three independent non-executive Directors, namely Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai. Mr. Leung Man Chun 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 2016.

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

During the three months ended 31 March 2016, 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 2016.

On behalf of the Board  
**Aurum Pacific (China) Group Limited**  
**Chan Wai Kit**  
*Executive Director*

Hong Kong, 9 May 2016

*As at the date of this announcement, the Board comprises four executive Directors, Mr. Chan Wai Kit, Mr. Hung Tat Chi Alan, Mr. Mui Yuk Wah and Ms. Wong Chi Yan; and three independent non-executive Directors, Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the 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.*

*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).*