

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.

GROUP FINANCIAL HIGHLIGHTS

For the year ended 31 December 2014:

- The turnover from continuing operations was approximately HK\$21,412,000 (2013: HK\$14,278,000);
- The loss attributable to owners of the Company was approximately HK\$1,978,000 (2013: profit of HK\$4,863,000); and
- The Directors do not recommend the payment of any final dividend.

RESULTS

The Board of directors of the Company (the “Board”) hereby presents the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014, together with the comparative figures of 2013, as follows:

Consolidated Statement of Profit or Loss

for the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	Notes	2014 HK\$'000	2013 HK\$'000
Continuing operations			
Turnover	5	21,412	14,278
Cost of sales		(5,807)	(2,656)
Gross profit		15,605	11,622
Other revenue	7	833	159
Changes in fair value of consideration payable for business combination		(48)	2,778
Administrative expenses		(11,526)	(4,678)
Research and development expenses		(2,964)	(2,392)
Selling and distribution expenses		(2,967)	(2,172)
(Loss)/profit from operations		(1,067)	5,317
Finance costs	8(a)	(193)	(641)
(Loss)/profit before taxation	8	(1,260)	4,676
Income tax (expense)/credit	9	(735)	358
(Loss)/profit for the year from continuing operations		(1,995)	5,034
Discontinued operation			
Loss for the year from discontinued operation	10	(160)	(171)
(Loss)/profit for the year		(2,155)	4,863
Attributable to:			
– owners of the Company		(1,978)	4,863
– non-controlling interests		(177)	–
		(2,155)	4,863

	<i>Notes</i>	2014 <i>HK cents</i>	2013 <i>HK cents</i> (Restated)
(Loss)/earnings per share			
From continuing and discontinued operations			
– Basic and diluted	<i>12</i>	<u>(0.06)</u>	<u>0.18</u>
From continuing operations			
– Basic and diluted	<i>12</i>	<u>(0.06)</u>	<u>0.18</u>
From discontinued operation			
– Basic and diluted	<i>12</i>	<u>(0.01)</u>	<u>(0.01)</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	2014 HK\$'000	2013 HK\$'000
(Loss)/profit for the year	(2,155)	4,863
Other comprehensive expense for the year		
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>(29)</u>	<u>(74)</u>
Total comprehensive (expense)/income for the year	<u>(2,184)</u>	<u>4,789</u>
Attributable to:		
– owners of the Company	(2,007)	4,789
– non-controlling interests	<u>(177)</u>	<u>–</u>
	<u>(2,184)</u>	<u>4,789</u>

Consolidated Statement of Financial Position

At 31 December 2014

(Expressed in Hong Kong dollars)

	Notes	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		1,865	448
Intangible assets		33,478	5,217
Goodwill	14	95,783	20,236
Deferred tax assets		926	1,660
		<u>132,052</u>	<u>27,561</u>
Current assets			
Inventories		38	81
Trade and other receivables	13	15,094	5,597
Cash and cash equivalents		21,139	44,284
		<u>36,271</u>	<u>49,962</u>
Current liabilities			
Other payables		1,923	962
Financial assistance from government		196	477
Deferred income		4,570	2,074
Loans from a shareholder		–	11,339
Consideration payable for business combination		–	6,052
		<u>6,689</u>	<u>20,904</u>
Net current assets		<u>29,582</u>	<u>29,058</u>
Total assets less current liabilities		<u>161,634</u>	<u>56,619</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current liabilities		
Financial assistance from government	487	438
Deferred tax liabilities	6,277	397
Consideration payable for business combination	26,902	–
	<u>33,666</u>	<u>835</u>
NET ASSETS	<u>127,968</u>	<u>55,784</u>
Capital and reserves		
Share capital	12,000	10,000
Reserves	104,912	45,784
	<u>116,912</u>	<u>55,784</u>
Total equity attributable to owners of the Company	116,912	55,784
Non-controlling interests	11,056	–
TOTAL EQUITY	<u>127,968</u>	<u>55,784</u>

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company						Non-controlling interests	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		
At 1 January 2013	2,000	30,224	2,035	16,699	–	(59,281)	(8,323)	–
Profit for the year	–	–	–	–	–	4,863	4,863	–
Exchange differences on translation of financial statements of foreign operations, net of nil tax	–	–	–	–	(74)	–	(74)	–
Total comprehensive income for the year	–	–	–	–	(74)	4,863	4,789	–
Capital contribution by a shareholder in the form of interest-free loans	–	–	392	–	–	–	392	–
Issue of shares	8,000	50,926	–	–	–	–	58,926	–
	8,000	50,926	392	–	(74)	4,863	64,107	–
At 31 December 2013	10,000	81,150	2,427	16,699	(74)	(54,418)	55,784	–
At 1 January 2014	10,000	81,150	2,427	16,699	(74)	(54,418)	55,784	–
Loss for the year	–	–	–	–	–	(1,978)	(1,978)	(177)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	–	–	–	–	(29)	–	(29)	–
Total comprehensive expense for the year	–	–	–	–	(29)	(1,978)	(2,007)	(177)
Issue of shares	2,000	61,135	–	–	–	–	63,135	–
Non-controlling interests arising on business combination (note 14(d))	–	–	–	–	–	–	–	11,233
	2,000	61,135	–	–	(29)	(1,978)	61,128	11,056
At 31 December 2014	12,000	142,285	2,427	16,699	(103)	(56,396)	116,912	11,056

1 COMPANY INFORMATION

Aurum Pacific (China) Group Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. Its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands, and its principal place of business at Unit 715, 7/F, Star House, No. 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Group, comprising the Company and its subsidiaries, currently engages in provision of software platform. The Group previously also engaged in provision of custom-made solution; and this business has been abandoned since 1 January 2013.

The consolidated financial statements are presented in thousand of units of Hong Kong dollars (“HK\$’000”) unless otherwise stated. Hong Kong dollars (“HK\$”) is the Company’s functional currency and the Group’s presentation currency.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together the “Group”).

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Account and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that contingent consideration payable for business combination is stated at its fair value.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's consolidated financial statements.

- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal.

The above amendments do not have significant impact on the Group's consolidated financial statements.

The Group has not applied any new or revised HKFRSs that is not yet effective for the current accounting period.

4 EXTRACT OF INDEPENDENT AUDITORS' REPORT

“Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.”

5 TURNOVER

Turnover represents the sales value of goods and services supplied to customers from the provision of software platform.

6 SEGMENT REPORTING

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

The Group has two (2013: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

- Software platform – developing and marketing of patented server based technology and the provision of communications software platform, software development and sales, network constructions, internet sales, internet marketing and domestic trading.

Discontinued operation

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

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

(a) Business segment

	Continuing operations		Discontinued operation		Total	
	Software platform		Custom-made solutions			
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	21,412	14,278	–	–	21,412	14,278
Reportable segment profit/(loss)	2,468	5,130	(160)	(171)	2,308	4,959
Amortisation of intangible assets	2,495	603	–	–	2,495	603
Depreciation of property, plant and equipment	332	179	–	–	332	179
Write-off of trade receivables	–	–	–	153	–	153
Income tax expense/(credit)	735	(358)	–	–	735	(358)
Reportable segment assets	50,903	18,650	–	203	50,903	18,853
Reportable segment liabilities	(12,736)	(3,801)	–	–	(12,736)	(3,801)

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	21,412	14,278
Segment revenue from discontinued operation	<u>–</u>	<u>–</u>
Consolidated turnover from continuing operations	<u>21,412</u>	<u>14,278</u>
(Loss)/profit for the year		
Reportable segment profit from continuing operations	2,468	5,130
Segment loss from discontinued operation	(160)	(171)
Unallocated corporate income and expenses	<u>(4,463)</u>	<u>(96)</u>
Consolidated (loss)/profit	<u>(2,155)</u>	<u>4,863</u>
Assets		
Reportable segment assets from continuing operations	50,903	18,650
Segment assets from discontinued operation	–	203
Unallocated corporate assets	<u>117,420</u>	<u>58,670</u>
Consolidated total assets	<u>168,323</u>	<u>77,523</u>
Liabilities		
Reportable segment liabilities from continuing operations	12,736	3,801
Unallocated corporate liabilities	<u>27,619</u>	<u>17,938</u>
Consolidated total liabilities	<u>40,355</u>	<u>21,739</u>

The unallocated corporate income and expenses mainly include changes in fair value of consideration payable for business combination, staff costs and legal and professional fees of head office. The unallocated corporate assets and liabilities mainly include goodwill, prepayments and cash and cash equivalents of head office, loans from a shareholder and consideration payable for business combination.

(c) **Geographical information and major customers**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and goodwill ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in case of property, plant and equipment, and the location of the operation to which they are allocated, in case of intangible assets and goodwill.

	Revenue from external customers		Specified non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	21,397	14,246	33,500	25,878
Mainland China	15	32	97,626	23
	21,412	14,278	131,126	25,901

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	2014 HK\$'000	2013 HK\$'000
Customer A	3,152	N/A [#]
Customer B	N/A[#]	2,213

[#] The corresponding revenue did not contribute 10% or more of the total revenue.

7 OTHER REVENUE

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Bank interest income	95	157
Other interest income	734	–
Sundry income	4	2
	833	159

8 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Interest expense on financial liabilities not at fair value through profit or loss		
– Interest on short term borrowing	–	78
– Interest on bank loans	4	–
– Imputed interest on interest-free loans from a shareholder	189	563
	<u>193</u>	<u>641</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Salaries, wages and other benefits	12,087	6,993
Contributions to defined contribution retirement plan	580	295
	<u>12,667</u>	<u>7,288</u>

(c) Other items:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Auditor's remuneration	526	416
Amortisation of intangible assets	2,495	603
Depreciation of property, plant and equipment	383	187
Gain on disposal of property, plant and equipment	(1)	–
Operating lease charges: minimum lease payments		
– property rentals	623	183
Write-off of property, plant and equipment	<u>7</u>	<u>–</u>

9 INCOME TAX RELATING TO CONTINUING OPERATIONS

Taxation in the consolidated statement of profit or loss represents:

	2014 HK\$'000	2013 HK\$'000
Deferred tax (expense)/credit		
Origination and reversal of temporary differences	<u>(735)</u>	<u>358</u>

No provision for Hong Kong Profits Tax has been made as the group companies comprising continuing operations have either tax losses brought forward in excess of the assessable profits for the year or do not have any estimated assessable profits subject to Hong Kong Profits Tax during the year (2013: HK\$Nil).

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 tax jurisdictions.

No provision for Enterprise Income Tax of the People's Republic of China (the "PRC") has been made as the subsidiaries incorporated in the PRC have estimated tax losses for the year.

10 LOSS FOR THE YEAR FROM DISCONTINUED OPERATION

On 1 January 2013, the directors abandoned the custom-made solutions business, which was carried out by a wholly-owned subsidiary, Pearlica Technologies Limited ("PTL"). On 13 October 2014, the Group disposed of the entire equity interest in PTL to an independent third party.

Loss and cash flows for the year from the discontinued operation were as follows:

	2014 HK\$'000	2013 HK\$'000
Turnover	–	–
Administrative expenses	<u>(161)</u>	<u>(171)</u>
Loss before taxation	(161)	(171)
Income tax	<u>–</u>	<u>–</u>
	(161)	(171)
Gain on disposal of operation, net of nil tax	<u>1</u>	<u>–</u>
Loss for the year from discontinued operation attributable to owners of the Company	<u>(160)</u>	<u>(171)</u>
Loss for the year from discontinued operation includes:		
– Write-off of property, plant and equipment	<u>–</u>	<u>153</u>
Cash flows from discontinued operation		
Operating activities	<u>(200)</u>	<u>(133)</u>
Net cash outflows	<u>(200)</u>	<u>(133)</u>

11 DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: HK\$Nil).

12 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

(i) *From continuing and discontinued operations*

The calculation is based on the loss for the year attributable to owners of the Company of HK\$1,978,000 (2013: profit of HK\$4,863,000) and the weighted average number of ordinary shares of 3,098,630,137 (2013 (restated): 2,769,593,532) in issue during the year.

(ii) *From continuing operations*

The calculation is based on loss for the year from continuing operations attributable to owners of the Company of HK\$1,818,000 (2013: profit of HK\$5,034,000) and the weighted average number of ordinary shares of 3,098,630,137 (2013 (restated): 2,769,593,532) in issue during the year.

(iii) *From discontinued operation*

The calculation is based on loss for the year from the discontinued operation attributable to owners of the Company of HK\$160,000 (2013: HK\$171,000) and the weighted average number of ordinary shares of 3,098,630,137 (2013 (restated): 2,769,593,532) in issue during the year.

The weighted average number of ordinary shares for 2014 and 2013 above has been adjusted for the share subdivision and bonus issue which were completed on 6 January 2015 and 19 January 2015 respectively (see note 15).

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the years ended 31 December 2014 and 2013 is the same as the basic (loss)/earnings per share as there were no potentially dilutive ordinary shares in issue.

13 TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Trade receivables	8,869	4,948
Deposits and prepayments	889	619
Loan receivables	5,262	—
Other receivables	74	30
	<u>15,094</u>	<u>5,597</u>

All of the Group's trade and other receivables, apart from certain deposits of HK\$91,000 (2013: HK\$140,000) are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Within 1 month	4,037	2,968
More than 1 but less than 3 months	2,631	1,304
More than 3 but less than 6 months	876	509
More than 6 but less than 12 months	1,116	148
Over 12 months	209	19
	8,869	4,948

Trade receivables are normally due within 30 days (2013: 30 days) from the date of billing.

14 BUSINESS COMBINATIONS

- (a) On 31 December 2012, the Group acquired the entire equity interest in KanHan Technologies Limited and its subsidiary, KanHan Technologies China Limited from independent third parties at a nominal consideration of HK\$28,000,000 (the "KHT Acquisition"). The consideration would be satisfied in the manner as set out in the sale and purchase agreement dated 26 June 2012 in respect of the KHT Acquisition.

The first payment of HK\$4,000,000 was settled in cash on 3 July 2012. The 1st Promissory Notes were issued on 31 December 2012 and redeemed by paying HK\$15,000,000 in cash on 28 February 2013. The remaining consideration payable of HK\$6,053,000, being the remaining nominal consideration payable of HK\$9,000,000 less the shortfall amount of HK\$2,947,000, was settled in cash during the year ended 31 December 2014.

- (b) On 27 June 2014, the Group acquired the entire equity interest in KanHan Educational Services Limited and its subsidiary, KanHan Educational Services China Limited (together, "KHE Group") from an independent third party at a nominal consideration of HK\$6,500,000 (the "KHE Acquisition"). KHE Group is principally engaged in the provision of software platform.

Pursuant to the sale and purchase agreement dated 23 June 2014 in respect of the KHE Acquisition, the consideration was settled in cash on 27 June 2014.

The consideration is subject to adjustment based on the audited consolidated profit before taxation and any extraordinary or exceptional items of KHE Group of not less than HK\$1,000,000 for each of the year ending 31 December 2014 and 2015 respectively (the "KHE Guaranteed Amount"). The consideration shall be reduced by an amount equal to any shortfall.

The audited consolidated profit before taxation and any extraordinary or exceptional items of KHE Group exceeds HK\$1,000,000 for the year ended 31 December 2014.

As at 31 December 2014, based on the assessment of the directors of the Company, the possibility of shortfall against the KHE Guaranteed Amount for the year ending 31 December 2015 is remote, and consequently the fair value of guarantee asset is HK\$Nil.

- (c) On 17 December 2014, the Group acquired the entire equity interest in Native Hope Limited from an independent third party at a nominal consideration of HK\$90,000,000 (the “NH Acquisition”). Native Hope Limited has the entire interest in Fair Respect International Limited, Shenzhen Xiaoke Internet Technology Company Limited and 51% interest in Shenzhen Zhoufu Internet Technology Company Limited (together, “NH Group”). NH Group is principally engaged in the provision of software platform.

Pursuant to the sale and purchase agreement dated 11 December 2014 in respect of the NH Acquisition (the “NH Acquisition Agreement”), the consideration would be satisfied in the following manner:

- (i) as to HK\$23,000,000 in cash within 7 business days after signing of the memorandum of understanding on 13 October 2014 in respect of the NH Acquisition;
- (ii) as to HK\$37,000,000 in cash within 7 business days upon execution of the NH Acquisition Agreement;
- (iii) as to HK\$10,000,000 in cash within 7 business days after issuance of the audited accounts of NH Group for the year ending 31 December 2015;
- (iv) as to HK\$10,000,000 in cash within 7 business days after issuance of the audited accounts of NH Group for the year ending 31 December 2016; and
- (v) as to HK\$10,000,000 in cash within 7 business days after issuance of the audited accounts of NH Group for the year ending 31 December 2017.

As at 31 December 2014, total consideration of HK\$60,000,000 has been settled in cash in accordance with the term of payment as set out above.

The remaining consideration payable is subject to adjustment based on the audited consolidated profit after taxation but before extraordinary or exceptional items attributable to the owners of the Company of not less than HK\$10,000,000, HK\$13,000,000 and HK\$15,000,000 for the year ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively (the “NH Guaranteed Amount”). The consideration payable shall be reduced by an amount equal to any shortfall.

As at 31 December 2014, based on the assessment of the directors of the Company, the possibility of shortfall against the NH Guaranteed Amount is remote, and consequently the fair value of guarantee asset is HK\$Nil.

- (d) The fair value of the identifiable assets and liabilities acquired as at the respective dates of acquisition is as follows:

	KHE Group <i>HK\$'000</i>	NH Group <i>HK\$'000</i>	Total <i>HK\$'000</i>
Property, plant and equipment	119	94	213
Intangible assets	5,007	23,605	28,612
Deferred tax assets	163	–	163
Trade and other receivables	648	668	1,316
Cash and cash equivalents	1,658	7,247	8,905
Other payables	(51)	(531)	(582)
Deferred income	(2,333)	(1,211)	(3,544)
Deferred tax liabilities	(141)	(5,901)	(6,042)
	<u>5,070</u>	<u>23,971</u>	<u>29,041</u>
Fair value of net identifiable assets acquired	5,070	23,971	29,041
Non-controlling interests [#]	–	(11,233)	(11,233)
	<u>5,070</u>	<u>12,738</u>	<u>17,808</u>
Net identifiable assets attributable to owners of the Company	5,070	12,738	17,808
Goodwill arising on acquisition	1,430	74,117	75,547
	<u>6,500</u>	<u>86,855</u>	<u>93,355</u>
Total consideration	<u>6,500</u>	<u>86,855</u>	<u>93,355</u>
Total consideration, satisfied by:			
Cash	6,500	60,000	66,500
Fair value of consideration payable in cash	–	26,855	26,855
	<u>6,500</u>	<u>86,855</u>	<u>93,355</u>
Net cash outflow arising on acquisition:			
Consideration paid in cash	(6,500)	(60,000)	(66,500)
Cash and cash equivalents acquired	1,658	7,247	8,905
	<u>(4,842)</u>	<u>(52,753)</u>	<u>(57,595)</u>
Acquisition-related costs	<u>300</u>	<u>–*</u>	<u>300</u>

[#] The non-controlling interests are measured at the non-controlling interests' proportionate share of fair value of the identifiable net assets of NH Group.

^{*} The acquisition-related costs of NH Group are borne by the seller.

- (e) The goodwill is attributable to the synergies of the acquired businesses expected to arise after the Group's acquisitions. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as "administrative expenses" in the consolidated statement of profit or loss.

Included in the revenue for the year ended 31 December 2014 is approximately HK\$3,646,000 and HK\$Nil attributable to the additional business generated by KHE Group and NH Group respectively. Loss for the year includes profit of approximately HK\$597,000 and loss of HK\$417,000 contributed by KHE Group and NH Group respectively.

Had these business combinations been taken place on 1 January 2014, the directors of the Company estimate that the consolidated turnover and the consolidated loss for the year ended 31 December 2014 would have been HK\$24,369,000 and HK\$781,000 respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and result of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2014.

15 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed below, the Group does not have other significant events after the reporting period.

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.

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 dated 17 December 2014.

With effect from 6 March 2015, Dr. Lan Hong Tsung, David has been appointed as a non-executive director and co-chairman of the Company. On the same date, Mr. Xu Zhigang resigned as a non-executive director of the Company.

On 9 March 2015 and 16 March 2015, the Company entered into a letter of intent with 嘉興港區開發建設管理委員會 (Jiaxing Port Development and Construction Administrative Committee) and 宜興經濟技術開發區管理委員會 (Yixing Economic and Technological Development Zone Administrative Committee) in the PRC respectively for proposed development of scientific research centre in information technology industry.

16 COMPARATIVE FIGURES

As a result of the Share Subdivision and the Bonus Issue which were completed on 6 January 2015 and 19 January 2015 respectively, the earnings per share for the year ended 31 December 2013 has been restated.

17 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010 – 2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011 – 2013 cycle	1 July 2014
Annual improvements to HKFRSs 2012 – 2014 cycle	1 January 2016
Amendments to HKAS 16, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	1 January 2018

The directors have confirmed in writing that the Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the new Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the Group's consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of expected impact of these changes.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the year under review, the Group recorded a total turnover from continuing operations of approximately HK\$21,412,000. Loss attributable to owners of the Company amounted to approximately HK\$1,978,000, as compared to profit of approximately HK\$4,863,000 in the same financial year of 2013.

DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2014 (2013: HK\$Nil).

BUSINESS REVIEW AND PROSPECT

For the year ended 31 December 2014, the Group mainly focused on 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. On 27 June 2014, the Group completed the acquisition of the entire equity interest in KanHan Educational Services Limited and its subsidiary (together “KHE Group”) from a vendor at a nominal consideration of HK\$6,500,000 (the “KHE Acquisition”), which has been settled in cash during the year. Each of the vendor and the guarantor, who is the sole director and the ultimate shareholder of the vendor, is an independent third party, irrevocably warrants and guarantees that the audited net profit before taxation and any extraordinary or exceptional items of KHE Group for each of the two years ending 31 December 2014 (the “First Guarantee Period”) and 31 December 2015 (the “Second Guarantee Period”) shall not be less than HK\$1,000,000 (the “Guaranteed Profit”) respectively. For the First Guarantee Period, the Guaranteed Profit of KHE Group has been met, and therefore no adjustment nor compensation was required.

KHE Group became the indirectly wholly-owned subsidiaries of the Company which principally engages in the provision of website development, education and communication software platforms. It focuses on the development of syllabus and contents for Chinese Language teaching and learning in primary and secondary schools and enterprises. KHE Group has built a solid business organization selling into the Hong Kong education market. More than 100 primary and secondary schools are subscribing to the web based courseware serving students in learning Putonghua, Chinese Language for native and non-Chinese speakers. The Board considers that the KHE Acquisition would have a synergy effect to our existing business by creating a one-stop shop for e-learning solutions and school administration system that could be seamlessly integrated. Details of the KHE Acquisition were set out in the announcements of the Company dated 23 and 27 June 2014 and note 14(b) of this results announcement.

On 17 December 2014, the Group acquired the entire equity interest in Native Hope Limited from an independent third party at a nominal consideration of HK\$90,000,000, Native Hope Limited has the entire interest in Fair Respect International Limited, Shenzhen Xiaoke Internet Technology Company Limited and 51% interest in Shenzhen Zhoufu Internet Technology Company Limited (together, “NH Group”). The vendor and the guarantor, who is the ultimate shareholder of the vendor, irrevocably warrant and guarantee that the audited consolidated profit after taxation but before extraordinary or exceptional items attributable to the owners of NH Group will not be less than HK\$10,000,000, HK\$13,000,000 and HK\$15,000,000 for the year ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively. The consideration of HK\$60,000,000 has been settled in cash during the year. NH Group is principally engaged in custom-made software development services including urban grid management system, internet marketing and other projects. Details of the NH Acquisition and its payment terms were set out in the announcements of the Company dated 11 and 17 December 2014 and note 14(c) of this results announcement.

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. In addition, the Group intends to develop a new business, which is the peer to peer/peer to corporate internet financing system, subject to relevant legal requirements, in order to diversify its businesses and broaden its revenue.

Meanwhile, the Board considered to develop scientific research center in the IT industry in both Jiaxing Port and Yixing Economic and Technological Development Zone in order to enhance the business operation of the Group by way of improving products quality and/or developing new products through the scientific research in the IT industry. The Group may also extend its customers base in the areas near Jiaxing Port and Yixiang Port. Looking forward, the Group will continue to seek for other business opportunities or investments if appropriate, to ensure a stable prospect for the shareholders of the Company as a whole.

Financial Resource and Liquidity

At 31 December 2014, the Group had cash and bank balances of approximately HK\$21,139,000 (31 December 2013: HK\$44,284,000). During the year ended 31 December 2014, the loan from the controlling shareholder, Prime Precision Holdings Limited, with principal amount of approximately HK\$11,528,000 had been fully repaid. And also, the remaining outstanding balance of consideration of HK\$6,053,000 for the acquisition of the entire equity interest in KanHan Technologies Limited and its subsidiary had been fully settled. Details of which were set out in the Company’s announcement dated 19 March 2014. Most of the cash and bank balances and the borrowings are denominated in Hong Kong dollars.

Gearing Ratio

At 31 December 2014, total assets of the Group were approximately HK\$168,323,000 (31 December 2013: HK\$77,523,000) whereas total liabilities were approximately HK\$40,355,000 (31 December 2013: HK\$21,739,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 24.0% (31 December 2013: 28.0%) and the current ratio, calculated as current assets over current liabilities, was 5.4 (31 December 2013: 2.4). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

Capital Structure

As at 31 December 2014, the Company's authorised share capital was HK\$40,000,000 divided into 2,000,000,000 shares of HK\$0.02 each, of which 600,000,000 ordinary shares were in issue and fully paid.

The Company has completed two placings, on 9 October 2014 and 26 November 2014 respectively. In these two placings, the Company totally issued 100,000,000 ordinary shares of HK\$0.02 each at a subscription price of HK\$0.65 per share, resulting in total gross proceeds of HK\$65 million and the total net proceeds of approximately HK\$63 million after deducting the placing commission and other related expenses payable by the Company. Amounting to approximately HK\$60 million from the net proceeds of these two placing has been used for the settlement of the NH Acquisition while approximately HK\$3 million has been used as the general working capital of the Group.

Besides, 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. And also, pursuant to the bonus issue made by the Company 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 held (the "Bonus Issue"). Details of the Share Subdivision and the Bonus Issue are set out in the Company's circular dated 17 December 2014.

Foreign Exchange Exposure

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

Pledge of Assets and Contingent Liabilities

At 31 December 2014, the Group did not have any pledge of assets and substantial contingent liabilities.

Material Acquisition, Disposal and Significant Investment

Other than the acquisitions disclosed in the above “Business Review” section, the Group did not have any material acquisition, disposal and significant investment for the period ended 31 December 2014.

Events after the Reporting Period

Details of events after the reporting period are set out in the note 15 of this results announcement.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2014, the Group employed approximately 120 staff (2013: 45). Staff costs (including directors’ remuneration) was approximately HK\$12,667,000 for the year under review (2013: HK\$7,288,000). Remuneration is determined by reference to market terms and 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 31 December 2014, 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:

Long positions in the shares of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of shareholding
Mr. Wen Jialong	Beneficial owner (<i>Note</i>)	90,000,000 (<i>Note</i>)	15.00%

Note: Mr. Wen Jialong has been appointed as an executive Director and Chairman with effective from 10 September 2014. Upon the completion of Share Subdivision and Bonus Issue on 6 January 2015 and 19 January 2015 respectively, the number of shares held by Mr. Wen Jialong changed to 540,000,000, representing 15.00% of the issued shares capital of the Company.

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

Substantial Shareholders

To the best knowledge of Directors, as at 31 December 2014, 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 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 (<i>Note 1</i>)	Approximate percentage of shareholding
Mr. Wen Jialong	Beneficial owner (<i>Note 2</i>)	90,000,000 (L) (<i>Note 3</i>)	15.00%
Prime Precision Holdings Limited (“Prime Precision”)	Beneficial owner (<i>Note 3</i>)	212,483,700 (L) (<i>Note 3</i>)	35.41%
Mr. Lau Man Tak	Corporate interest (<i>Note 3</i>)	212,483,700 (L) (<i>Note 3</i>)	35.41%

Notes:

1. The letter “L” denotes the entity’s interests in the Shares.
2. Mr. Wen Jialong has been appointed as an executive Director and Chairman with effective from 10 September 2014. Upon the completion of Share Subdivision and Bonus Issue on 6 January 2015 and 19 January 2015 respectively, the number of shares held by Mr. Wen Jialong changed to 540,000,000, representing 15.00% of the issued shares capital of the Company.
3. The interest in the shares of Mr. Lau Man Tak is held through Prime Precision, in which the entire issued share capital is beneficially and ultimately owned by Mr. Lau Man Tak. By virtue of the SFO, Mr. Lau Man Tak is deemed to be interested in the shares held by Prime Precision. Mr. Lau Man Tak was an executive Director and resigned on 10 September 2014. Upon the completion of Share Subdivision and Bonus Issue on 6 January 2015 and 19 January 2015 respectively, the number of shares held by Mr. Lau Man Tak/Prime Precision changed to 1,274,902,200, representing 35.41% of the issued shares capital of the Company.

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 December 2014.

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.

For the year ended 31 December 2014 and up to date of this announcement, the Company had no outstanding options under the Share Option Scheme.

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 OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2014, 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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under articles of association of the Company, or law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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 year ended 31 December 2014.

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 (the "INEDs"), 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 consolidated financial statements for the year ended 31 December 2014.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

INDEPENDENCE OF INDEPENDENT NON- EXECUTIVE DIRECTORS

The Company has received from each of the INEDs a written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Board considers all of the INEDs are independent.

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 year ended 31 December 2014.

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.

APPRECIATION

Finally, on behalf of the Board, I would like to take this opportunity to give my sincere gratitude to my fellow Directors and all the staff who have contributed their time, efforts and supports to revive the Group's business operations.

By order of the Board
Aurum Pacific (China) Group Limited
Wen Jialong
Co-Chairman

Hong Kong, 19 March 2015

As at the date of this announcement, the Board comprises three executive Directors, Mr. Wen Jialong, Mr. Mo Wai Ming, Lawrence and Mr. Chan Wai Kit; two non-executive Directors, Dr. Lan Hong Tsung, David and Mr. Chan Tik Yuen; and three independent non-executive Directors, Mr. Chan Wai Fat, Mr. Chi Chi Hung, Kenneth and Mr. Chui Kwong Kau.

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.