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 2012

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 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.

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 2012:

- The turnover from continuing operations was approximately HK$97,000 (2011: HK$274,000);
- The loss attributable to owners of the Company was approximately HK$5,845,000 (2011: HK$3,102,000); and
- The Directors do not recommend the payment of a 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 2012, together with the comparative figures of 2011, as follows:

Consolidated statement of comprehensive income
for the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Notes	2012 HK$'000	2011 HK$'000
Continuing operations			
Turnover	5	**97**	274
Cost of sales		**(70)**	(101)
Gross profit		**27**	173
Other revenue and net income	7	**1,127**	74
Administrative expenses		**(6,484)**	(3,176)
Loss from operations		**(5,330)**	(2,929)
Finance costs	8(a)	**(515)**	(629)
Loss before taxation	8	**(5,845)**	(3,558)
Income tax	9	**–**	–
Loss for the year from continuing operations		**(5,845)**	(3,558)
Discontinued operation			
Profit for the year from discontinued operation	10	**–**	456
Loss and total comprehensive loss for the year attributable to owners of the Company		**(5,845)**	(3,102)
		HK cents	*HK cents* (Restated)
Loss per share			
From continuing and discontinued operations			
— Basic and diluted	12	**(5.85)**	(3.10)
From continuing operations			
— Basic and diluted	12	**(5.85)**	(3.56)
From discontinued operation			
— Basic and diluted	12	**–**	0.46

Consolidated statement of financial position
at 31 December 2012
(Expressed in Hong Kong dollars)

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
Non-current assets			
Property, plant and equipment		**243**	92
Intangible assets		**4,778**	–
Goodwill	*15*	**20,236**	–
Deferred tax assets		**1,402**	–
		26,659	92
Current assets			
Inventories		**69**	70
Trade and other receivables	*13*	**5,862**	495
Cash and cash equivalents		**1,869**	4,860
		7,800	5,425
Current liabilities			
Trade and other payables	*14*	**4,514**	2,761
Financial assistance from government		**322**	–
Deferred income		**1,756**	–
Short term borrowing		**6,554**	6,163
Consideration payable for business combination		**14,841**	–
		27,987	8,924
Net current liabilities		**(20,187)**	(3,499)
Total assets less current liabilities		**6,472**	(3,407)
Non-current liabilities			
Financial assistance from government		**669**	–
Loans from a shareholder		**4,640**	1,146
Deferred tax liabilities		**497**	–
Consideration payable for business combination		**8,989**	–
		14,795	1,146
NET LIABILITIES		**(8,323)**	(4,553)
Capital and reserves			
Share capital		**2,000**	2,000
Reserves		**(10,323)**	(6,553)
TOTAL DEFICIT ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(8,323)**	(4,553)

Consolidated statement of changes in equity

for the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**Capital surplus** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2011	2,000	30,224	1,569	15,090	(50,334)	(1,451)
Loss and total comprehensive loss for the year	–	–	–	–	(3,102)	(3,102)
Balance at 31 December 2011 and 1 January 2012	2,000	30,224	1,569	15,090	(53,436)	(4,553)
Loss and total comprehensive loss for the year	–	–	–	–	(5,845)	(5,845)
Capital contribution by a shareholder in the form of interest-free loans	–	–	466	–	–	466
Waiver of amount due to a shareholder	–	–	–	445	–	445
Waiver of loans from a shareholder	–	–	–	1,164	–	1,164
Balance at 31 December 2012	**2,000**	**30,224**	**2,035**	**16,699**	**(59,281)**	**(8,323)**

Notes:

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 22/F, Hua Fu Commercial Building, 111 Queen's Road West, Hong Kong.

The Group, comprising the Company and its subsidiaries, currently engages in provision of custom-made solutions and communications service platform. The Group previously also engaged in trading of computer equipment and related accessories and this business was disposed of during year ended 31 December 2011.

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 and the Group's presentation currency.

At 31 December 2012, the directors consider the immediate parent and ultimate controlling party of the Company to be Prime Precision Holdings Limited, which is incorporated in the British Virgin Islands.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The 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. The 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 consolidated financial statements for year ended 31 December 2012 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

(c) Going concern

The Group incurred a loss of HK$5,845,000 for the year ended 31 December 2012, and at the end of reporting period, the Group recorded net current liabilities of HK$20,187,000 and net liabilities of HK$8,323,000.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern.

In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the coming year after taking into consideration of (i) obtaining a revolving loan facility from its ultimate controlling party to the extent of HK$40,000,000; and (ii) raising gross proceeds of approximately HK$60,000,000 through an open offer as set out in note 17.

Based on the aforesaid, the directors of the Company are satisfied that the Group will have sufficient working capital to meet in full its financial obligations as they fall due for the foreseeable future and be able to continue to operate with no significant financial difficulties. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 19). Consequently, there have been no significant changes to the accounting policies applied in these consolidated financial statements for the years presented as a result of these developments.

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 2012 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2(c) to the consolidated financial statements, which reports that these consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The ability of the Group to continue as a going concern is dependent upon attaining future profitable operations and the continuation of the financial support by its ultimate holding company. We consider that the appropriate disclosures have been made in the consolidated financial statements, and our opinion is not qualified in this respect."

5 TURNOVER

Turnover represents the revenue from provision of custom-made solutions and technical support services (continuing operations) and sale of goods after allowances for goods returned (discontinued operation). The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Provision of custom-made solutions	**97**	121
Service income	**–**	153
	97	274
Discontinued operation *(note 10)*		
Trading of computer equipment and accessories	**–**	6,745
	97	7,019

6 SEGMENT REPORTING

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

The Group has three (2011: 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

— 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.

— Communications service platform — developing and marketing of patented server based technology and the provision of communications service platform and software related services.

Discontinued operation

— Computer equipment and accessories — trading of computerised smart sockets and related accessories.

Communications service platform was new to the Group during the year due to the acquisition of KanHan Technologies Limited ("KanHan") and its subsidiary (together, "KanHan Group").

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			
	Custom-made solutions		Communications service platform		Computer equipment and accessories		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**97**	274	**–**	–	**–**	6,745	**97**	7,019
Reportable segment profit/(loss)	**1,070**	(617)	**–**	–	**–**	758	**1,070**	141
Depreciation	**70**	94	**–**	–	**–**	–	**70**	94
Income tax	**–**	–	**–**	–	**–**	115	**–**	115
Reportable segment assets	**489**	694	**11,291**	–	**–**	–	**11,780**	694
Reportable segment liabilities	**–**	(1,324)	**(3,697)**	–	**–**	–	**(3,697)**	(1,324)

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

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Revenue segment revenue and consolidated turnover	**97**	7,019
Profit before taxation and discontinued operation		
Reportable segment profit	**1,070**	141
Segment profit from discontinued operation *(note 10)*	**–**	(758)
Unallocated corporate income and expenses	**(6,915)**	(2,941)
Consolidated loss before taxation from continuing operations	**(5,845)**	(3,558)
Assets		
Reportable segment assets from continuing operations	**11,780**	694
Unallocated corporate assets	**22,679**	4,823
Consolidated total assets	**34,459**	5,517
Liabilities		
Reportable segment liabilities from continuing operations	**(3,697)**	(1,324)
Unallocated corporate liabilities	**(39,085)**	(8,746)
Consolidated total liabilities	**(42,782)**	(10,070)

The unallocated corporate income and expenses mainly include staff costs and legal and professional fees of head office and the unallocated corporate assets and liabilities mainly include prepayments, cash and cash equivalents, short term borrowing, consideration payable for business combination and loans from a shareholder respectively.

(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**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**97**	7,019	**25,237**	92
Mainland China	**–**	–	**20**	–
	97	7,019	**25,257**	92

For the custom-made solutions business, revenue from the Group's largest customer amounted to HK$97,000 (2011: HK$153,000), being 100% (2011: 56%) of the Group's total revenue from this segment.

For the computer equipment and accessories business, revenue from the Group's largest customer amounted to HK$Nil (2011: HK$6,745,000), being nil (2011: 100%) of the Group's total revenue from this segment.

7 OTHER REVENUE AND NET INCOME

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**2**	16
Foreign exchange gain, net	**–**	58
Waiver of amount due to a related company	**1,125**	–
	1,127	74

8 LOSS BEFORE TAXATION

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

(a) Finance costs:

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on short term borrowing	**391**	561
— Imputed interest on interest-free loans from a shareholder	**124**	68
	515	629

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

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Salaries, wages and other benefits	**859**	1,334
Contributions to defined contribution retirement plan	**14**	12
	873	1,346

(c) Other items:

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Auditor's remuneration		
— Provision for the year	**452**	400
— (Over)/under-provision in respect of prior year	**(3)**	20
Acquisition-related costs for business combination	**1,918**	–
Depreciation	**77**	106
Impairment of other receivables	**–**	78
Operating lease charges: minimum lease payments		
— property rentals	**216**	216
Professional fees for resumption of trading	**1,835**	–
Write-off of property, plant and equipment	**4**	–
Discontinued operation		
Auditor's remuneration	**–**	50

9 INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group companies comprising continuing operations did not have any estimated assessable profit subject to Hong Kong Profits Tax during the year (2011: 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.

Taxation for a subsidiary incorporated in the PRC is charged at the appropriate current rate of taxation ruling in the PRC.

10 PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

On 31 March 2011, the Company entered into a sale agreement with an independent third party to dispose of its entire equity interest in Max Honour International Limited ("Max Honour"), a wholly owned subsidiary, which was engaged in trading of computer equipment and accessories. The disposal was completed on 24 June 2011, the date on which control of Max Honour passed to the acquirer.

Profit and cash flows for the period from 1 January 2011 to the date of disposal from the discontinued operation were as follows:

	2011
	HK$'000
Turnover	6,745
Cost of sales	(5,666)
Gross profit	1,079
Selling and distribution expenses	(270)
Administrative expenses	(51)
Profit before taxation	758
Income tax	(115)
Profit after taxation	643
Gain on disposal of a subsidiary *(note 16)*	500
Cost of disposal	(687)
Profit for the year from discontinued operation and attributable to owners of the Company	456
Cash flows from discontinued operation:	
Operating activities	(519)
Investing activities	–
Financing activities	110
Net cash outflows	(409)

The carrying amounts of the assets and liabilities of Max Honour at the date of disposal are disclosed in note 16.

11 DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2012 (2011: HK$Nil).

12 LOSS PER SHARE

(a) Basic loss 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$5,845,000 (2011: HK$3,102,000) and the number of ordinary shares of 100,000,000 (2011 (restated): 100,000,000) 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$5,845,000 (2011: HK$3,558,000) and the number of ordinary shares of 100,000,000 (2011 (restated): 100,000,000) in issue during the year.

(iii) From discontinued operation

The calculation is based on profit for the year from the discontinued operation attributable to owners of the Company of HK$Nil (2011: HK$456,000) and the number of ordinary shares of 100,000,000 (2011 (restated): 100,000,000) in issue during the year.

The number of ordinary shares for 2012 and 2011 above has been adjusted for the share consolidation which was completed on 22 January 2013 (see note 17).

(b) Diluted loss per share

The diluted loss per share for the years ended 31 December 2012 and 2011 is the same as the basic loss per share as there were no potentially dilutive ordinary shares in issue.

13 TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**4,586**	274
Amounts due from subsidiaries	**–**	–
Deposits and prepayments	**1,247**	221
Other receivables	**29**	–
	5,862	495

All trade and other receivables are expected to be recovered or recognised as expenses within one year.

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:

	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**3,165**	–
1 to 3 months	**887**	–
4 to 6 months	**317**	–
6 to 12 months	**45**	274
Over 1 year	**172**	–
	4,586	274

Trade receivables are due within 30 days (2011: 30 days) from the date of billing.

14 TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**5**	110
Other payables and accrued charges	**4,509**	1,081
Amount due to a shareholder	**–**	445
Amount due to a related company	**–**	1,125
Financial liabilities measured at amortised cost	**4,514**	2,761

All trade and other payables are expected to be settled or recognised as income within one year or repayable on demand.

At the end of the reporting period, the ageing analysis of trade payables is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current or less than 1 month	**–**	70
More than 3 months	**5**	40
	5	110

15 BUSINESS COMBINATION

On 31 December 2012, the Group acquired the entire equity interest in KanHan Group from independent third parties at a nominal consideration of HK$28,000,000. KanHan Group was principally engaged in the provision of communications service platform. Pursuant to the sale and purchase agreement dated 26 June 2012 in respect of the acquisition (the "S&P Agreement"), the consideration would be satisfied in the following manner:

(i) as to HK$4,000,000 in cash or by cheque within 5 business days upon execution of the S&P Agreement;

(ii) as to HK$15,000,000 (1) in cash or by cheque in the event that the resumption of trading of the Company's shares on the GEM of the Stock Exchange (the "Resumption") has been effected or (2) by the issuance of the first interest-free promissory notes ("1st Promissory Notes") in the event that the Resumption has not been effected and shall be repayable in one lump sum on the date falling two years from the date of issue of the 1st Promissory Notes, upon the completion of acquisition; and

(iii) as to HK$9,000,000 (1) in cash or by cheque in the event that the Resumption has been effected or (2) by the issuance of the second interest-free promissory note ("2nd Promissory Note") in the event that the Resumption has not been effected, within 7 business days after the issuance of the 2013 audited accounts of KanHan Group and shall be repayable in one lump sum on the date falling two years from the date of issue of the 2nd Promissory Note.

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 date on which the Resumption was effected. The remaining consideration payable of HK$9,000,000, in the opinion of the Company's directors, shall be settled in cash in March 2014.

The consideration is subject to adjustment based on the consolidated profit before interest, taxes, depreciation and amortisation of KanHan Group of not less than HK$5,500,000 for the year ended 31 December 2012 and not less than HK$8,500,000 for the year ending 31 December 2013 (the "Guaranteed Amount"). The consideration payable shall be reduced by an amount equal to the shortfall.

Based on the assessment of the directors of the Company, the possibility of shortfall in profits is remote, and consequently the fair value of the profit guarantee asset is HK$Nil.

The fair value of the identifiable assets and liabilities of KanHan Group acquired as at its date of acquisition is as follows:

	HK$'000
Property, plant and equipment	232
Intangible assets	4,778
Deferred tax assets	1,402
Inventories	69
Trade and other receivables	4,613
Cash and cash equivalents	197
Trade and other payables	(453)
Financial assistance from government	(991)
Deferred income	(1,756)
Deferred tax liabilities	(497)
Fair value of net identifiable assets acquired	7,594
Goodwill arising on acquisition	20,236
Total consideration	27,830
Total consideration, satisfied by:	
Cash	4,000
Fair value of 1st Promissory Notes	14,841
Fair value of consideration payable in cash	8,989
	27,830
Net cash outflow arising on acquisition:	
Consideration paid in cash	(4,000)
Cash and cash equivalents acquired	197
	(3,803)

The goodwill is attributable to the synergies of the acquired business expected to arise after the Group's acquisition of KanHan Group. These benefits are not recognised separately from goodwill because they do not meet the recognition for identifiable intangible assets.

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

Acquisition-related costs amounting to HK$1,918,000 for the year have been excluded from the consideration transferred and have been recognised as "administrative expenses" in the consolidated statement of comprehensive income.

KanHan Group did not contribute any turnover or profit to the Group for the year as the acquisition was completed on 31 December 2012.

Had this business combination taken place on 1 January 2012, the directors of the Company estimate that the consolidated turnover and the consolidated net profit for the year would have been HK$11,954,000 and HK$304,000 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 acquisition been completed on 1 January 2012, nor are they intended to be a projection of future results.

16 DISPOSAL OF A SUBSIDIARY

On 24 June 2011, the Group disposed of Max Honour, which was engaged in trading of computer equipment and accessories. The net assets of Max Honour at the date of disposal were as follows:

	2011
	HK$'000
Trade receivables	5,076
Cash and cash equivalents	4
Tax payable	(275)
Net assets	4,805
Gain on disposal of a subsidiary *(note 10)*	500
Consideration	5,305
Net cash inflow arising on disposal:	
Consideration received in cash	5,305
Cash and cash equivalents disposed of	(4)
	5,301
Cash paid for costs of disposal	(687)
	4,614

17 EVENTS AFTER THE REPORTING PERIOD

By an ordinary resolution passed at the extraordinary general meeting on 21 January 2013, every two issued and unissued ordinary shares of HK$0.01 each were consolidated into one new ordinary share of HK$0.02 each. Following the share consolidation which became effective on 22 January 2013, 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 100,000,000 ordinary shares were in issue and fully paid.

Pursuant to an open offer made by the Company on 27 February 2013, the Company issued 400,000,000 ordinary shares of HK$0.02 each at a subscription price of HK$0.15 per share on the basis of four new shares for every existing share held (the "Open Offer"), resulting in gross proceeds of approximately HK$60,000,000. The proceeds are intended to be applied to settle the consideration payable for business combination, repay the short term borrowing and loans from a shareholder, and increase the Group's general working capital. Details of the Open Offer are set out in the Company's prospectus dated 1 February 2013.

On 1 March 2013, the Company entered into a deed of assignment with an independent third party and the controlling shareholder, Prime Precision Holdings Limited, pursuant to which the loan and accrued interest as at that date were reassigned as loans from a shareholder.

18 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

As a result of the share consolidation which was completed after the end of the reporting period, the loss per share for the year ended 31 December 2011 has been restated.

19 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2012

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2012 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
Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income	1 July 2012
HKFRS 10, Consolidated financial statements	1 January 2013
HKFRS 11, Joint arrangements	1 January 2013
HKFRS 12, Disclosure of interests in other entities	1 January 2013
HKFRS 13, Fair value measurement	1 January 2013
HKAS 27, Separate financial statements (2011)	1 January 2013
HKAS 28, Investments in associates and joint ventures	1 January 2013
Revised HKAS 19, Employee benefits	1 January 2013
Annual improvements to HKFRSs 2009–2011 Cycle	1 January 2013
Amendments to HKFRS 7, Financial instruments: Disclosures — Disclosures — Offsetting financial assets and financial liabilities	1 January 2013
Amendments to HKAS 32, Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9, Financial instruments	1 January 2015

The directors have confirmed in writing that the Group is in the process of making an assessment of what the impact of these amendments 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 except for the following:

Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income will be modified accordingly when the amendments are adopted for the first time.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation — Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. However, it may in the future result in investees being consolidated which would not have been consolidated under the Group's existing policies or vice versa.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in HKFRS 12 are generally more extensive than those required in the current standards. The Group may have to make additional disclosures about its interests in other entities when the standard is adopted for the first time in 2013.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. HKFRS 13 is effective as from 1 January 2013, but retrospective adoption is not required. The Group estimates that the adoption of HKFRS 13 will not have any significant impact on the fair value measurements of its assets and liabilities, but additional disclosures may need to be made in the 2013 financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2012, the Group recorded a total turnover from custom-made solutions business of approximately HK$97,000, representing a decrease of 65% as compared with approximately HK$274,000 for the same period last year. Loss attributable to owners of the Company amounted to approximately HK$5,845,000, as compared with that of approximately HK$3,102,000 for the same period last year. A higher loss for the current was resulted from the increase in the legal and professional expenses relating to the resumption and very substantial acquisition.

BUSINESS REVIEW

Resumption of Trading

Completion of the Resumption Proposal

As disclosed in the announcement of the Company dated 21 December 2012, the Stock Exchange agreed to allow the Company to proceed with the resumption proposal, subject to satisfying the resumption conditions. All resumption conditions have been fulfilled on 26 February 2013. Trading in the shares of the Company on the Stock Exchange has been resumed on 28 February 2013.

Upon the completion of the transactions contemplated under the resumption proposal of the Company which include, among others, the acquisition of information technology ("IT") solution provider business, the share consolidation, the change in board lot size and the open offer.

(a) Acquisition

On 26 June 2012, the Group entered into a sale and purchase agreement with independent third parties to acquire all the equity interest of KanHan Group, which engaging in developing and marketing of patented server based technology and the provision of communications service platform and software related services at a nominal consideration of HK$28,000,000 (the "Acquisition"). The Acquisition has been completed on 31 December 2012. As at date of this announcement, a total of HK$19,000,000 has been settled. Details of the Acquisition were set out in the announcements and circular of the Company dated 6 August 2012, 7 December 2012 and 31 December 2012.

(b) Share consolidation, change in board lot size and open offer

On 22 January 2013, the share consolidation of every two issued and unissued shares of HK$0.01 each into one consolidated share of HK$0.02 each (the "Consolidated Share"); and the change of board lot size from 10,000 shares to 20,000 Consolidated Shares became effective. Open offer of 400,000,000 Consolidated Shares at the offer price of HK$0.15 per offer share on the basis of four offer shares for every one Consolidated Share (the "Open Offer") completed on 27 February 2013 and raises gross proceed of HK$60 million. Details were set out in the announcements and circulars of the Company dated 21 December 2012, 24 December 2012, 3 January 2013, 1 February 2013 and 26 February 2013.

BUSINESS OUTLOOK

For the year ended 31 December 2012, the Group was principally engaged in the provision of custom-made solutions. The trading of computer equipment and accessories ceased upon disposal of a wholly owned subsidiary completed on 24 June 2011. This trading business segment was then classified as discontinued operation for both years under review. After the completion of Acquisition on 31 December 2012, KanHan Group became the wholly-owned subsidiaries of the Company. Through this Acquisition, additional income and revenue will be generated to the Group. As an IT solutions provider targeting Hong Kong and the PRC markets, the Group would mainly focus in developing and marketing of the patented server based technology and the provision of communications service platform and software related services with primary focus in the government industry sector. The products and services can mainly divided into five categories, namely, (i) HanPHONE supported Client Management Infrastructure; (ii) KanHan Client Management Infrastructure; (iii) HanWEB; (iv) solutions to expand business through creative promotions; and (v) voice system service to the under-privileged groups.

The Group will continue to focus on the development of technologies facilitating the global Chinese communities in communicating over internet on diverse web enabled devices including but not limited to personal computers, mobile devices and telephones. The key development strategy of the Group behind the product development is to turn customer projects into standardized products in accordance with Group development direction. The Group's patented Chinese language technologies are uniquely positioned to serve the vast Chinese speaking market including the clients in the Greater China region. At the same time, the technologies have also taken care of the needs of the under-privileged groups in accessing the internet.

We intend to continue taking efforts in developing and upgrading our products and solutions with a generic growth of the business in order to broaden our income sources. The Group will continue to deploy appropriate operation strategies to meet the challenges posted by the competitive market to improve the performance and maximize the returns of shareholders as a whole.

Financial Resource and Liquidity

At 31 December 2012, the Group had cash and bank balances of approximately HK$1,869,000 (31 December 2011: HK$4,860,000), and loan with a carrying amount of HK$6,554,000 (31 December 2011: HK$6,163,000) was advanced from an independent third party. The loan is unsecured, bearing interest rate at 3% over the Hong Kong prime rate per annum plus an arrangement fee. The average effective interest rate for the year is approximately 6.3% (31 December 2011: 6.8%) and is not repayable before May 2013. In addition, during the current year, a loan facility of up to HK$40,000,000 has been granted by the controlling shareholder, Prime Precision Holdings Limited. As at year ended 31 December 2012, amounting to HK$5,000,000 had been drawn. This shareholder's loan is unsecured, interest free and not repayable before April 2014. All the cash and bank balances and the borrowings are denominated in Hong Kong dollars.

On 1 March 2013, the Company entered into a deed of assignment with the independent third party and the controlling shareholder, pursuant to which the loan and the accrued interest as at that date were reassigned as loans from the shareholder. The amount is deemed as drawn down from the loan facilities letters with the controlling shareholder.

Gearing Ratio

At 31 December 2012, total assets of the Group were approximately HK$34,459,000 (31 December 2011: HK$5,517,000) whereas total liabilities were approximately HK$42,782,000 (31 December 2011: HK$10,070,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 124.2% (31 December 2011: 182.5%) and the current ratio, calculated as current assets over current liabilities, was 0.28 (31 December 2011: 0.61). The Directors will continue to take measures to improve the liquidity and gearing position of the Group.

Foreign Exchange Exposure

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

Material Acquisition, Disposal and Significant Investment of the Group

Save as disclosed above, the Group did not have any material acquisition, disposal and significant investment.

Pledge of Assets and Contingent Liabilities

As at 31 December 2012, the Group did not have any substantial pledge of assets.

On 19 July 2011, KanHan disposed of its 100% interest in KanHan Educational Services Limited to an independent third party (the "Buyer"). Under the sale and purchase agreement, KanHan warrants and guarantees to the Buyer that the audited net profits before tax and any extraordinary or exceptional item (the "Audited Profits") of KanHan Educational Services Limited will not be less than HK$450,000, HK$2,200,000 and HK$6,500,000 for the years ended 31 December 2010, 2011 and 2012 (the "Guaranteed Profits") respectively. KanHan is required to return to the Buyer in cash of the contingent consideration paid if the Audited Profits of KanHan Educational Services Limited are less than the Guaranteed Profits.

On 26 June 2012, KanHan entered into a counter-indemnity agreement with Mr. Mo Wai Ming, Lawrence, the Director of the Company, to indemnify it against any loss that may arise from this guarantee.

No contingent liabilities might arise from return of the contingent consideration as the Directors of the Company believe the counter-indemnity agreement will enable the Group to recover any loss KanHan may incur arising from the above guarantee.

KanHan Educational Services Limited is a related party of the Group as Mr. Mo Wai Ming, Lawrence, is a common director of the Company and KanHan Educational Services Limited.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (31 December 2011: HK$Nil).

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2012, the Group employed approximately 30 staff (2011: 8). Staff costs (including directors' remuneration) was approximately HK$873,000 for the year under review (2011: HK$1,346,000). 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 IN SECURITIES OF THE COMPANY

As at 31 December 2012, 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. Lau Man Tak	Corporate interest *(Note)*	142,993,481	71.50%

Note: The interest in the shares of Mr. Lau Man Tak is held through Prime Precision Holdings Limited ("Prime Precision"), a company incorporated in the British Virgin Islands, 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.

Upon completion of the share consolidation on 22 January 2013 and the Open Offer on 27 February 2013, Mr. Lau Man Tak held 357,483,700 shares, representing 71.5% of the issued shares of the Company.

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

Substantial Shareholders

To the best knowledge of the Directors, as at 31 December 2012, 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 *(Note 1)*	Approximate percentage of shareholding
Prime Precision	Beneficial owner *(Note 2)*	142,993,481 (L)	71.50%
Mr. Lau Man Tak	Corporate interest *(Note 2)*	142,993,481 (L)	71.50%
Simplex Technology Investment (Hong Kong) Co. Limited ("Simplex")	Beneficial owner *(Note 3)*	16,896,363 (L)	8.45%
Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial Group")	Corporate interest *(Note 3)*	16,896,363 (L)	8.45%
Shanghai Jiao Tong University	Corporate interest *(Note 3)*	16,896,363 (L)	8.45%

Notes:

1. The letter "L" denotes the entity's interests in the Shares.

2. The interest in the shares of 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.

   Upon completion of the share consolidation on 22 January 2013 and the Open Offer on 27 February 2013, Mr. Lau Man Tak held 357,483,700 shares, representing 71.5% of the issued shares of the Company.

3. The interest in the shares is held through Simplex, the entire issued share capital of which was beneficially owned by Jiaoda Industrial Group. The registered capital of Jiaoda Industrial Group was owned as to 96.735% by Shanghai Jiao Tong University and 3.265% by Shanghai Jiaoda Enterprise Management Centre (上海交大企業管理中心), an entity wholly owned by Shanghai Jiao Tong University.

   Upon completion of the share consolidation on 22 January 2013 and the Open Offer on 27 February 2013, Simplex held 8,448,181 shares, representing 1.7% of the issued shares 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 2012.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted on 25 November 2003 whereby the Directors of the Company may at their discretion invite any employees, directors, suppliers, customers, advisers, consultants, joint venture partners, and any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any member of the Group or any invested entities, to take up options to subscribe for shares. The Scheme became effective upon the listing of the Company's shares on the GEM of the Stock Exchange on 9 January 2004. Pursuant to the Scheme, the Company had granted options at the exercise price of HK$0.45 per share and HK$0.14 per share on 17 January 2005 and 10 October 2005 respectively, all the options granted had been lapsed in the past years. As at 31 December 2012, the Company had no outstanding options.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, any of its subsidiaries or fellow subsidiaries was a party, in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "Articles"), 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 PRACTICE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices, which was revised and renamed as Corporate Governance Code (the "CG Code") on 1 April 2012 as contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2012 except for the deviations from code provisions A.2.1, A.4.1 and E.1.2 which are explained below.

Code provision A.2.1

Pursuant to A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheung Yu Ping ("Mr. Cheung"), being the former Chairman and executive Director, held the office of chief executive officer ("CEO"). Following to Mr. Cheung's resignation on 1 June 2012, Mr. Lau Man Tak has been appointed as the Chairman and Mr. Lee Ah Sang, a former executive Director, has been redesignated as the CEO and the code provision A.2.1. has been complied with thereafter. On 31 December 2012, Mr. Mo Wai Ming, Lawrence has been appointed and replaced Mr. Lee Ah Sang as the CEO.

Code provision A.4.1

Pursuant to A.4.1 of the CG Code, non-executive Directors should be appointed for specific terms, subject to re-election.

For the year ended 31 December 2012, all the existing independent non-executive Directors (the "INEDs") were not appointed for a specific term but are subject to retirement and re-election at the forthcoming annual general meeting and retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Articles.

On 26 February 2013, the newly appointed non-executive Director, Mr. Chan Tik Yuen, has entered into a service contract with the Company for an initial term of three years commencing from 26 February 2013, unless terminated by not less than three months' notice in writing served by either party on the other. He is subject to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the provisions of the Articles.

On 1 March 2013, the terms of appointment of the INEDs were revised. Each of the INEDs has entered into a service contract with the Company for an initial term of three years commencing from 1 March 2013, unless terminated by not less than three months' notice in writing served by either party on the other.

Code provision E.1.2

Pursuant to E.1.2 of the CG Code, the Chairman should attend the annual general meeting. However, in the annual general meeting held on 7 May 2012, Mr. Cheung was unable to attend the meeting as he had to attend an urgent matter. He appointed the former executive Director, Mr. Lee Ah Sang, to chair the meeting on his behalf.

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 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 financial statements for the year ended 31 December 2012.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 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 2012.

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

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, shareholders, employees and management for their continuous dedication, commitment and support to the Company.

On behalf of the Board
Aurum Pacific (China) Group Limited
Lau Man Tak
Chairman

Hong Kong, 20 March 2013

As at the date of this announcement, the Board comprises two executive Directors, Mr. Lau Man Tak and Mr. Mo Wai Ming, Lawrence, one non-executive Director, 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 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.