

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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 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.

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This announcement, for which the directors (the “Directors”) of Aurum Pacific (China) Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

SUMMARY

For the nine months ended 30 September 2012:

- The turnover from continuing operation was approximately HK\$97,000;
- The loss attributable to owners of the Company was approximately HK\$2,728,000; and
- The Directors do not recommend the payment of any interim dividend.

THIRD QUARTERLY UNAUDITED RESULTS

The board of directors of the Company (the “Board”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months and three months ended 30 September 2012, together with the unaudited comparative figures for the corresponding periods in 2011, as follows:

Condensed consolidated statement of comprehensive income

		Three months ended 30 September		Nine months ended 30 September	
		2012	2011	2012	2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operation					
Turnover	2	—	22	97	274
Cost of sales		—	—	(70)	(101)
Gross profit		—	22	27	173
Other revenue		—	3	1,127	49
Administrative expenses		(747)	(664)	(3,517)	(1,905)
Loss from operation		(747)	(639)	(2,363)	(1,683)
Finance costs	3	(148)	(121)	(365)	(512)
Loss before income tax expense from continuing operation		(895)	(760)	(2,728)	(2,195)
Income tax expense	4	—	—	—	—
Loss for the period from continuing operation		(895)	(760)	(2,728)	(2,195)
Discontinued operation					
Profit for the period from discontinued operation	5	—	—	—	456
Loss for the period		(895)	(760)	(2,728)	(1,739)
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		(895)	(760)	(2,728)	(1,739)
Loss attributable to:					
— Owners of the Company		(895)	(760)	(2,728)	(1,739)
— Non-controlling interests		—	—	—	—
		(895)	(760)	(2,728)	(1,739)
Total comprehensive income attributable to:					
— Owners of the Company		(895)	(760)	(2,728)	(1,739)
— Non-controlling interest		—	—	—	—
		(895)	(760)	(2,728)	(1,739)
Loss per share from continuing and discontinued operations					
— basic and diluted (HK cents)	7	(0.45)	(0.38)	(1.36)	(0.87)
Loss per share from continuing operation					
— basic and diluted (HK cents)	7	(0.45)	(0.38)	(1.36)	(1.10)
Earnings per share from discontinued operation					
— basic and diluted (HK cents)	7	—	—	—	0.23

Condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital surplus HK\$'000	Accumulated losses HK\$'000	
Balance at 1 January 2011 (Audited)	2,000	30,224	1,569	15,090	(50,334)	(1,451)
Loss for the period	—	—	—	—	(1,739)	(1,739)
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	(1,739)	(1,739)
Balance at 30 September 2011 (Unaudited)	2,000	30,224	1,569	15,090	(52,073)	(3,190)
Balance at 1 January 2012 (Audited)	2,000	30,224	1,569	15,090	(53,436)	(4,553)
Loss for the period	—	—	—	—	(2,728)	(2,728)
Other comprehensive income	—	—	—	—	—	—
Waiver of former shareholder's loans	—	—	1,608	—	—	1,608
Total comprehensive income for the period	—	—	1,608	—	(2,728)	(1,120)
Balance at 30 September 2012 (Unaudited)	2,000	30,224	3,177	15,090	(56,164)	(5,673)

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The unaudited financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2011 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

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

2. TURNOVER

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

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing Operation				
Provision of custom-made solutions	—	—	97	121
Service income	—	22	—	153
	—	22	97	274
Discontinued Operation				
Trading of computer equipment and accessories	—	—	—	6,745

3. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing Operation				
Interest expense on financial liabilities not at fair value through profit or loss				
— Interest on other loan wholly repayable within one year	95	99	295	462
— Imputed interest on interest-free loans from a current/former shareholder	53	22	70	50
	148	121	365	512

4. INCOME TAX EXPENSE

Continuing operation

No provision for Hong Kong profits tax has been made as the Group did not have any estimated assessable profits subject to Hong Kong profits tax for the nine months ended 30 September 2012 and 2011.

Discontinued operation

Income tax expense from discontinued operation represented provision for Hong Kong profits tax calculated at 16.5% on the estimated assessable profits for the nine months ended 30 September 2011.

5. PROFIT FOR THE PERIOD 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, a wholly owned subsidiary (the “Disposal Company”). The Disposal Company engages in trading of computer equipment and accessories. The disposal was completed on 24 June 2011, the date on which control of the Disposal Company passed to the acquirer. Profit and cash flows for the period from 1 January 2011 to the date of disposal from discontinued operation were as follows:

	From 1 January 2011 to the date of disposal HK\$'000 (Unaudited)
Turnover	6,745
Cost of sales	<u>(5,666)</u>
Gross profit	1,079
Selling and distribution expenses	(270)
Administrative expenses	<u>(51)</u>
Profit before income tax expense	758
Income tax expense	<u>(115)</u>
Profit after income tax expenses	643
Gain on disposal of the Disposal Company	500
Less: Cost of disposal	<u>(687)</u>
Profit for the period from discontinued operation and attributable to owners of the Company	<u>456</u>
Cash flows from discontinued operation:	
Operating activities	(519)
Investing activities	—
Financing activities	<u>110</u>
Net cash outflows	<u><u>(409)</u></u>

6. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2012 (2011: HK\$Nil).

7. (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 period attributable to owners of the Company of approximately HK\$2,728,000 (2011: HK\$1,739,000) and the number of ordinary shares of 200,000,000 (2011: 200,000,000) in issue during the period.

(ii) *From continuing operation*

The calculation is based on the loss for the period from continuing operation of approximately HK\$2,728,000 (2011: HK\$2,195,000) and the number of ordinary shares of 200,000,000 (2011: 200,000,000) in issue during the period.

(iii) *From discontinued operation*

The calculation is based on profit for the period from discontinued operation of HK\$Nil (2011: HK\$456,000) and the number of ordinary shares of 200,000,000 (2011: 200,000,000) in issue during the period.

(b) Diluted (loss)/earnings per share

There were no potential ordinary shares in issue for the periods ended 30 September 2012 and 2011. Accordingly, the diluted (loss)/earnings per share is presented as the same as basic (loss)/earnings per share for both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

For the nine months ended 30 September 2012, the Group recorded a total turnover from continuing operation of approximately HK\$97,000, representing a decrease of 65% as compared with approximately HK\$274,000 for the same period in 2011. Loss attributable to owners of the Company amounted to approximately HK\$2,728,000, as compared with that of approximately HK\$1,739,000 for the same period in 2011.

Dividend

The Directors do not recommend the payment of any interim dividend for the nine months ended 30 September 2012.

Business Review

For the nine months ended 30 September 2012, the Group was principally engaged in provision of custom-made solutions. The trading of computer equipment and accessories ceased upon completion of the disposal of a wholly owned subsidiary on 24 June 2011. This trading business segment was then classified as discontinued operation for both periods under review. During the period under review, the Group obtained waiver of loans from a former shareholder and waiver of debts due to a related company of approximately HK\$1,608,000 and HK\$1,125,000 respectively.

Financial Resource and Liquidity

At 30 September 2012, the Group had cash and bank balances of approximately HK\$1,102,000 (31 December 2011: HK\$4,860,000), and loan with a carrying amount of HK\$6,458,000 (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 period is approximately 6.3% (31 December 2011: 6.8%) and not repayable before May 2013. In addition, during the current period, a loan facility of up to HK\$40,000,000 has been granted by the controlling shareholder. At the period ended 30 September 2012, amounting to HK\$4,000,000 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.

Gearing Ratio

At 30 September 2012, total assets of the Group were approximately HK\$5,568,000 (31 December 2011: HK\$5,517,000) whereas total liabilities were approximately HK\$11,241,000 (31 December 2011: HK\$10,070,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 201.9% (31 December 2011: 182.5%) and the current ratio, calculated as current assets over current liabilities, was 0.2 (31 December 2011: 0.6). The Directors will continue to take measures to further improve the liquidity and gearing position of the Group.

Foreign Exchange Exposure

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

Pledge of Assets and Contingent Liabilities

At 30 September 2012, the Group did not have any substantial pledge of assets and contingent liabilities.

Material Acquisition, Disposal and Significant Investment

On 26 June 2012, the Group entered into a sale and purchase agreement (the “Agreement”) with independent third parties to acquire 100% equity interest of a company engaging in developing and marketing of patented server based technology and the provision of software related services at a consideration of HK\$28 million (the “Acquisition”). As at the date of this announcement, first payment of HK\$4 million has been settled. Details of the Acquisition were set out in the announcement of the Company dated 6 August 2012.

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

Prospect

Trading in the shares has been suspended at the request of the Company since 22 March 2007 and will remain in suspension until further notice. Updated resumption proposal dated 16 December 2011 and subsequent updates and replies (“the Resumption Proposal”) in relation to, among other things, the Acquisition, were submitted to the Stock Exchange. The Group is preparing information as requested by the Stock Exchange and shall submit to it as soon as practicable. Further announcement in relation to the status of resumption of the Company shall be made as and when appropriate.

In view that the Group currently does not have sufficient operation to secure its continual listing on the GEM, the proposed Acquisition may provide an opportunity for the development of the Group’s business and broaden its revenue and customer bases. Meanwhile, the Group will continue the cost control initiatives and exploring means to enhance the efficiency and effectiveness of the Group’s capital as a whole.

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

As at 30 September 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 (<i>Note</i>)	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.

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

Substantial Shareholders

To the best knowledge of Directors, as at 30 September 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 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of substantial shareholders	Capacity	Number of shares (<i>Note 1</i>)	Approximate percentage of shareholding
Prime Precision	Beneficial owner (<i>Note 2</i>)	142,993,481(L)	71.50%
Mr. Lau Man Tak	Corporate interest (<i>Note 2</i>)	142,993,481(L)	71.50%
Simplex Technology Investment (Hong Kong) Co. Limited (“Simplex”)	Beneficial owner (<i>Note 3</i>)	16,896,363(L)	8.45%
Shanghai Jiaoda Industrial Investment Management (Group) Limited (“Jiaoda Industrial Group”)	Corporate interest (<i>Note 3</i>)	16,896,363(L)	8.45%
Shanghai Jiao Tong University	Corporate interest (<i>Note 3</i>)	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.
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.

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 September 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 lapsed in the past years. As at 30 September 2012, the Company had no outstanding options.

COMPETING INTERESTS

None of the Directors and management and shareholders of the Company (within the meaning of the GEM Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance. The Board has adopted the code provisions in the Code on Corporate Governance Practices (the “former Code”), which was revised and renamed as the Corporate Governance Code (the “CG Code”) on 1 April 2012, as set out in Appendix 15 of the GEM Listing Rules as the code of the Company (the “Code”). For the period ended 30 September 2012, the Company has complied with the former Code for the period from 1 January 2012 to 31 March 2012 and the CG Code for the period from 1 April 2012 to 30 September 2012 except for the deviation from code provisions explained below.

Pursuant to A.2.1 of the 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, the executive Director, has been redesignated as the CEO.

Pursuant to A.4.1 of the Code, non-executive Directors should be appointed for specific terms, subject to re-election. All the existing independent non-executive Directors 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 Company’s articles of association.

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

AUDIT COMMITTEE

The Company has established the audit committee with written terms of reference. The primary duties of the audit committee are to review, in draft form, the Company’s annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau. Mr. Chi Chi Hung, Kenneth is the chairman of the audit committee.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed with the Board the internal controls and financial reporting matters, including a review of the unaudited third quarterly report for the period ended 30 September 2012.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2012, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 30 September 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.

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

Hong Kong, 9 November 2012

As at the date of this announcement, the Board comprises two executive Directors, who are Mr. Lau Man Tak and Mr. Lee Ah Sang, and three independent non-executive Directors, who are Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Fat and Mr. Chui Kwong Kau.

This announcement will remain on the page of “Latest Company Announcements” on the GEM website for at least 7 days from the date of its posting and the website of the Company at www.aurumpacific.com.hk.