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

Interim Report 2011

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This report, 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 report 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 report misleading.

SUMMARY

For the six months ended 30 June 2011:

- The turnover from continuing operations was approximately HK$252,000;
- The loss attributable to owners of the Company was approximately HK$979,000; and
- The Directors do not recommend the payment of any interim dividend.

INTERIM 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 six months ended 30 June 2011, together with the unaudited comparative figures for the corresponding period in 2010, as follows:

Condensed Consolidated Statement of Comprehensive Income

		Three months ended 30 June		Six months ended 30 June	
		2011	2010	**2011**	2010
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes	**(Unaudited)**	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)
Continuing operations					
Turnover	*2*	**66**	—	**252**	516
Cost of sales		**—**	—	**(101)**	(412)
Gross profit		**66**	—	**151**	104
Other revenue	*4*	**45**	176	**46**	176
Administrative expenses		**(637)**	(506)	**(1,181)**	(979)
Loss from operations		**(526)**	(330)	**(984)**	(699)
Finance costs	*5*	**(139)**	(183)	**(391)**	(300)
Loss before income tax expense from continuing operations	*6*	**(665)**	(513)	**(1,375)**	(999)
Income tax expense	*7*	**—**	—	**—**	—

	Notes	Three months ended 30 June 2011 HK$'000 (Unaudited)	Three months ended 30 June 2010 HK$'000 (Unaudited and restated)	Six months ended 30 June 2011 HK$'000 (Unaudited)	Six months ended 30 June 2010 HK$'000 (Unaudited and restated)
Loss for the period from continuing operations		**(665)**	(513)	**(1,375)**	(999)
Discontinued operations					
Profit for the period from discontinued operations	*8*	**32**	601	**396**	1,171
(Loss)/profit for the period		**(633)**	88	**(979)**	172
Other comprehensive income		**—**	—	**—**	—
Total comprehensive income for the period		**(633)**	88	**(979)**	172
(Loss)/profit attributable to owners of the Company		**(633)**	88	**(979)**	172
Total comprehensive income attributable to owners of the Company		**(633)**	88	**(979)**	172
(Loss)/earnings per share from continuing and discontinued operations — basic *(HK Cent)*	*10*	**(0.32)**	0.04	**(0.49)**	0.09
Loss per share from continuing operations — basic *(HK Cent)*	*10*	**(0.33)**	(0.26)	**(0.69)**	(0.50)

Condensed Consolidated Statement of Financial Position

	Notes	**At 30 June 2011 HK$'000 (Unaudited)**	At 31 December 2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**145**	198
Current assets			
Inventories — finished goods for resale		**—**	101
Trade and other receivables	*12*	**2,686**	8,490
Cash and cash equivalents		**3,796**	3,225
Total current assets		**6,482**	11,816
Current liabilities			
Trade and other payables	*13*	**1,987**	6,625
Other borrowing — unsecured	*14*	**5,964**	5,602
Tax payable		**—**	160
Total current liabilities		**7,951**	12,387
Net current liabilities		**(1,469)**	(571)
Total assets less current liabilities		**(1,324)**	(373)
Non-current liabilities			
Loans from a shareholder		**(1,106)**	(1,078)
Net liabilities		**(2,430)**	(1,451)
Capital and reserves attributable to owners of the Company			
Share capital		**2,000**	2,000
Reserves — deficit		**(4,430)**	(3,451)
Equity attributable to owners of the Company — deficit		**(2,430)**	(1,451)
Non-controlling interests		**—**	—
Total equity — deficit		**(2,430)**	(1,451)

Condensed Consolidated Statement of Changes in Equity

	Share capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Capital reserve HK$'000 (Unaudited)	Capital surplus HK$'000 (Unaudited)	Accumulated losses HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Balance at 1 January 2010 (Audited)	2,000	30,224	2,964	15,090	(50,453)	(175)
Profit for the period	—	—	—	—	172	172
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	172	172
Balance at 30 June 2010 (Unaudited)	2,000	30,224	2,964	15,090	(50,281)	(3)
Balance at 1 January 2011 (Audited)	**2,000**	**30,224**	**1,569**	**15,090**	**(50,334)**	**(1,451)**
Loss for the period	**—**	**—**	**—**	**—**	**(979)**	**(979)**
Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**(979)**	**(979)**
Balance at 30 June 2011 (Unaudited)	**2,000**	**30,224**	**1,569**	**15,090**	**(51,313)**	**(2,430)**

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(1,741)**	952
Net cash generated from investing activities	**2,312**	—
Net cash generated from financing activities	**—**	5,000
Net increase in cash and cash equivalents	**571**	5,952
Cash and cash equivalents at beginning of the period	**3,225**	1,018
Cash and cash equivalents at end of the period represented by cash and bank balances	**3,796**	6,970

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed interim 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 condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2010 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

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

2. 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:

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited and restated)
Continuing operations		
Provision of custom-made solutions	**121**	516
Service income	**131**	—
	252	516
Discontinued operations		
Trading of computer equipment and accessories	**6,745**	21,628

3. 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 two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. 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.

Discontinued operations

- Computer equipment and accessories — trading of computer hardware and software, and computerised smart sockets and related accessories. This operation was disposed of during the period ended 30 June 2011 (Note 8).

3. SEGMENT REPORTING (CONTINUED)

(a) Business Segment

The following is an analysis of the Group's revenue and results by business segment for the period under review:

	Continuing operations		Discontinued operations			
	Custom-made solutions Six months ended 30 June		Computer equipment and accessories Six months ended 30 June		Consolidated Six months ended 30 June	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited)
Revenue from external customers	**252**	516	**6,745**	21,628	**6,997**	22,144
Reportable segment profit/(loss)	**(136)**	(138)	**698**	1,403	**562**	1,265
Depreciation	**(47)**	(47)	**—**	—	**(47)**	(47)
Income tax expense	**—**	—	**(115)**	(232)	**(115)**	(232)
					400	986
Loss on disposal of discontinued operations					**(187)**	—
Unallocated corporate income					**46**	176
Unallocated corporate expenses					**(847)**	(690)
Finance costs					**(391)**	(300)
(Loss)/profit for the period					**(979)**	172

3. SEGMENT REPORTING (CONTINUED)

(a) Business Segment (continued)

	At 30 June 2011 HK$'000 (Unaudited)	At 31 December 2010 HK$'000 (Audited)
Assets		
Reportable segment assets from continuing operations	**652**	1,939
Segment assets from discontinued operations	**—**	8,633
Unallocated corporate assets	**5,975**	1,442
Consolidated total assets	**6,627**	12,014
Liabilities		
Reportable segment liabilities from continuing operations	**(321)**	(1,316)
Segment liabilities from discontinued operations	**—**	(4,522)
Unallocated corporate liabilities	**(8,736)**	(7,627)
Consolidated total liabilities	**(9,057)**	(13,465)

(b) Geographical information and major customers

The Group's revenue from external customers is derived solely from its operations in Hong Kong, where all its non-current assets are located.

Revenues from one customer of the Group's computer equipment and accessories segment represent approximately 96% of the Group's total revenue.

4. OTHER REVENUE

Continuing operations

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Imputed interest income	**—**	176
Bank interest income	**3**	—
Others	**43**	—
	46	176

5. FINANCE COSTS

Continuing operations

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on other loan wholly repayable within one year	**363**	65
— Imputed interest on interest-free loans from a shareholder	**28**	235
	391	300

6. LOSS BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

Loss before income tax expense from continuing operations is arrived at after charging/(crediting):

Continuing operations

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited and restated)
Staff costs (including directors' emoluments)		
— Salaries, wages and allowances	**633**	855
— Contributions to pension schemes	**6**	17
	639	872
Auditor's remuneration	**135**	135
Depreciation of property, plant and equipment	**53**	50
Office rental	**108**	143
Exchange gains	**(43)**	—
Discontinued operations		
Auditor's remuneration	**50**	75

7. INCOME TAX EXPENSE

Continuing operations

No provision has been made for Hong Kong profits tax as the Group does not have any estimated assessable profits subject to Hong Kong profits tax during the period.

Discontinued operations

Income tax expense from discontinued operations represents provision for Hong Kong profits tax calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2011 and 2010.

8. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

On 31 March 2011, the Company entered into a sale and purchase agreement with an independent third party pursuant to which the Company agreed to dispose of and the purchaser agreed to purchase the entire equity interest in Max Honour International Limited, a wholly owned subsidiary (the "Disposal Company"). The disposal was completed on 24 June 2011, the date on which the control of the Disposal Company passed to the purchaser. Details of the disposal were set out in the announcements of the Company dated 12 April 2011, 26 May 2011 and 15 June 2011. The profit for the period from discontinued operations was as follows:

	From 1 January 2011 to the date of disposal HK$'000 (Unaudited)	From 1 January 2010 to 30 June 2010 HK$'000 (Unaudited)
Turnover	**6,745**	21,628
Cost of sales	**(5,666)**	(18,168)
Selling and distribution expenses	**(270)**	(865)
Administrative expenses	**(111)**	(1,192)
Profit before income tax expense	**698**	1,403
Income tax expense *(Note 7)*	**(115)**	(232)
	583	1,171
Loss on disposal of discontinued operations *(Note 16)*	**(187)**	—
Profit for the period from discontinued operations	**396**	1,171
Cash flows from discontinued operations		
Net cash (outflows)/inflows from operating activities	**(519)**	406
Net cash inflows from investing activities	**—**	—
Net cash inflows from financing activities	**110**	—
Net cash (outflows)/inflows	**(409)**	406

The carrying amounts of the assets and liabilities of the Disposal Company at the date of disposal are disclosed in Note 16.

9. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2011 (2010: HK$Nil).

10. EARNINGS PER SHARE

(a) Basic earnings/(loss) per share

(i) From continuing and discontinued operations

The calculation is based on the loss attributable to owners of the Company of approximately HK$979,000 (2010: profit of HK$172,000) and the number of ordinary shares of 200,000,000 (2010: 200,000,000) in issue during the period.

(ii) From continuing operations

The calculation is based on the loss for the period from continuing operations of HK$1,375,000 (2010: HK$999,000) and the number of ordinary shares of 200,000,000 (2010: 200,000,000) in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is not presented as there were no dilutive potential ordinary shares in issue during the six months ended 30 June 2011 and 30 June 2010.

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2011 and 30 June 2010, the Group did not have any material acquisitions and disposal of property, plant and equipment.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2011 HK$'000 (Unaudited)	At 31 December 2010 HK$'000 (Audited)
Trade debtors	**131**	8,266
Other receivables, deposits and prepayments	**2,555**	224
	2,686	8,490

The Group allows an average credit period of 60 days to its trade debtors. The ageing analysis of trade receivables is as follows:

	At 30 June 2011 HK$'000 (Unaudited)	At 31 December 2010 HK$'000 (Audited)
Within 30 days	**22**	4,818
31 to 60 days	**22**	2,274
Over 60 days	**87**	1,174
	131	8,266

13. TRADE AND OTHER PAYABLES

	At 30 June 2011 HK$'000 (Unaudited)	At 31 December 2010 HK$'000 (Audited)
Trade creditors	**41**	4,503
Other creditors and accrued charges	**974**	1,150
Amount due to shareholder	**972**	972
	1,987	6,625

13. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are expected to be settled within one year. The ageing analysis of the trade payables is as follows:

	At 30 June 2011 HK$'000 (Unaudited)	At 31 December 2010 HK$'000 (Audited)
Current or less than 1 month	—	4,128
1 to 6 months	41	375
	41	4,503

14. OTHER BORROWING — UNSECURED

As at 30 June 2011, there was a loan with a principal amount of HK$5,000,000 due from an independent third party. The loan is unsecured, bearing interest rate at 3% over the Hong Kong prime rate plus an arrangement fee. The average effective interest rate for the year after taking into account of the arrangement fee is approximate 7%. The loan and the accrued interest are repayable in May 2012.

15. RELATED PARTY TRANSACTIONS

During the current period, the Group entered into the following transactions with related parties:

(a) Amount due to a shareholder was unsecured, interest free and repayable on demand.

(b) Loans from a shareholder are unsecured, interest free and not repayable before 31 August 2013. The loans were stated at fair value as of the end of the reporting period which was estimated by discounting the nominal value of the loans at current market interest rate of similar financial instruments.

(c) Details of remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Short-term benefits	120	351
Post employment benefits	—	5
	120	356

16. DISPOSAL OF SUBSIDIARIES

As referred to Note 8, on 24 June 2011, the Group completed the disposal of the Disposal Company, which engages in trading computer equipment and accessories. The net assets of the Disposal Company as at the completion date were as follows:

	HK$'000
Cash and bank balance	4
Trade receivables	5,076
Tax payables	(275)
Net assets disposal of	4,805
Loss on disposal of discontinued operations	(187)
Direct costs incurred for the disposal	687
Total consideration	5,305
Satisfied by:	
Cash consideration received	3,000
Cash consideration receivable	2,305
	5,305
Net cash inflow arising on disposal:	
Cash consideration received	3,000
Cash and bank balance disposal of	(4)
Cash paid for direct costs incurred	(687)
	2,309

17. COMPARATIVE FIGURES

As a result of the separate presentation of the discontinued operations, certain comparative figures have been adjusted or re-classified to conform with changes in disclosures in the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

For the six months ended 30 June 2011, the Group recorded a total turnover from continuing and discontinued operations of approximately HK$6,997,000, representing a decrease of 68% as compared with approximately HK$22,144,000 for the same period in 2010. Loss attributable to owners of the Company amounted to approximately HK$979,000, as compared with profit of approximately HK$172,000 for the same period in 2010.

Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2011.

Business Review

For the six months ended 30 June 2011, the Group was principally engaged in two business segments, trading of computer equipment and related accessories, and provision of custom-made solutions. On 31 March 2011, the Company entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in a subsidiary which engages in trading business (the "**Disposal**"). The Disposal was completed on 24 June 2011. The trading business segment was then classified as discontinued operations for the period under review. Details of the Disposal were set out in the announcements of the Company dated 12 April 2011, 26 May 2011 and 15 June 2011.

In view of the keen competition and poor operating environment of the Group's trading business of computer equipment and related accessories, its turnover and gross profit decreased from HK$21,628,000 and HK$3,460,000 for the six months ended 30 June 2010 respectively to HK$6,745,000 and HK$1,079,000 for current period respectively.

Continuing operations comprise the segment of custom-made solutions which contributed a turnover and gross profit of approximately HK$252,000 and HK$151,000 to the Group for the six months ended 30 June 2011 respectively. The Group will continue to expand the customer range and improve the service quality in order to highlight to current business profile.

Financial Resource and Liquidity

At 30 June 2011, the Group had cash and bank balances of approximately HK$3,796,000 (31 December 2010: HK$3,225,000), and loans from the controlling shareholder with a carrying amount of HK$1,106,000 (31 December 2010: HK$1,078,000), which are unsecured, interest free and not repayable before 31 August 2013. In addition, a loan with a principal amount of HK$5,000,000 (31 December 2010: HK$5,000,000) 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 loan is repayable within one year. All the cash and bank balances and the borrowings are denominated in Hong Kong dollars.

Gearing Ratio

At 30 June 2011, total assets of the Group were approximately HK$6,627,000 (31 December 2010: HK$12,014,000) whereas total liabilities was approximately HK$9,057,000 (31 December 2010: HK$13,465,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 136.7% (31 December 2010: 112.1%) and the current ratio, calculated as current assets over current liabilities, was 0.8 (31 December 2010: 1.0). 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 June 2011, the Group did not have any substantial pledge of assets and contingent liabilities.

Prospects

The Company has submitted a resumption proposal dated 30 June 2010 (the "**Resumption Proposal**") to the Stock Exchange which has proposed several transactions including a very substantial acquisition of a target company from an independent third party (the "**Target Company**"). The Target Company is principally engaged in provision of custom-made solutions which is in line with the principal business of the Company. The Resumption Proposal is currently under consideration by the Stock Exchange and the Company has not yet proceeded with the proposed transactions. The Directors believe that the Target Company could enrich the business segment in the provision of custom-made solutions and could subsequently strengthen the financial position and maintain a sustainable business operation of the Group. Meanwhile, the Board will continue to review its overall strategy to improve the existing operations and to explore means to improve the Group's performance so as to provide maximum investment return to the shareholders. With the Group's initiatives, trading of the Company's shares could be resumed hopefully in the near future.

Material Acquisition, Disposal and Significant Investment

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

Employee Information and Remuneration Policy

At 30 June 2011, the Group employed 8 staff. The staff cost (including directors' remuneration) was approximately HK$639,000 (2010: HK$872,000) for the period under review. Remuneration is determined by reference to market terms and the 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 30 June 2011, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long positions in the shares of the Company

Name of Directors	Nature of Interest	Number of Shares	Approximate percentage of shareholding
Mr. Cheung Yu Ping	Interest of a controlled corporation *(Note 1)*	142,651,965	71.33%

(ii) Long positions in the shares of associated corporation

Name of Directors	Name of associated Corporation	Nature of Interest	Number of Shares	Approximate percentage of shareholding
Mr. Cheung Yu Ping	Hong Sheng Group Limited ("Hong Sheng")	Interest of a controlled corporation *(Note 1)*	510	51%

Note:

1. The interest in the Shares of Mr. Cheung Yu Ping was held through Hong Sheng, the entire issued share capital of which was beneficially and ultimately owned as to 51% by Mr. Cheung Yu Ping and as to 49% by Ms. Cai Dongmei. By virtue of the SFO, Mr. Cheung Yu Ping is deemed to be interested in the shares held by Hong Sheng.

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

Substantial Shareholders

To the best knowledge of Directors, as at 30 June 2011, the following persons, other than the Directors or chief executive of the Company, had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were expected to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity	Number of Shares *(Note 1)*	Approximate percentage of shareholding
Hong Sheng	Beneficial owner *(Note 2)*	142,651,965(L)	71.33%
Ms. Cai Dongmei	Interest of a controlled corporation *(Note 2)*	142,651,965(L)	71.33%
Simplex Technology Investment (Hong Kong) Co. Limited ("Simplex")	Beneficial owner *(Note 3)*	16,896,363(L)	8.45%
Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial Group")	Interest of a controlled corporation *(Note 3)*	16,896,363(L)	8.45%
Shanghai Jiao Tong University	Interest of a controlled corporation *(Note 3)*	16,896,363(L)	8.45%
Kingston Finance Limited ("Kingston")	Person having a security interest *(Note 4, 5 & 6)*	142,651,965(L)	71.33%

Name	Capacity	Number of Shares *(Note 1)*	Approximate percentage of shareholding
Ample Cheer Limited ("Ample Cheer")	Interest of a controlled corporation *(Note 6)*	142,651,965(L)	71.33%
Best Forth Limited ("Best Forth")	Interest of a controlled corporation *(Note 6)*	142,651,965(L)	71.33%
Mrs. Chu Yuet Wah	Interest of a controlled corporation *(Note 6)*	142,651,965(L)	71.33%

Notes:

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

2. The interest in the Shares of Ms. Cai Dongmei was held through Hong Sheng, the entire issued share capital of which was beneficially and ultimately owned as to 51% by Mr. Cheung Yu Ping and as to 49% by Ms. Cai Dongmei. By virtue of the SFO, Ms. Cai Dongmei is deemed to be interested in Shares held by Hong Sheng.

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

4. The entire Shares held by Hong Sheng is charged with Kingston.

5. Kingston has a security interest in the entire Shares held by Hong Sheng as mentioned in Note 4 above.

6. The interest in the Shares is held through Kingston, the entire issued share capital of which was owned by Ample Cheer. The registered capital of Ample Cheer was owned as to 80% by Best Forth, an entity which was beneficially and wholly owned by Mrs. Chu Yuet Wah. Accordingly, Mrs. Chu Yuet Wah is deemed to be interested in the Shares in which Kingston is deemed to be interested as mentioned in Note 5 above.

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2011.

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 June 2011, the Company had no outstanding options.

COMPETING INTERESTS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the period ended 30 June 2011 except for the deviations explained below.

Mr. Cheung Yu Ping is the Chairman and the Chief Executive Officer of the Company. Pursuant to A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board considers that vesting the roles of both chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

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 5 May 2011, our 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 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 interim report for the period ended 30 June 2011.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2011, 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 noncompliance 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 six months ended 30 June 2011.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has complied with the public float requirement under Rule 11.23 of the GEM Listing Rules.

On behalf of the Board
Aurum Pacific (China) Group Limited
Cheung Yu Ping
Chairman

Hong Kong, 4 August 2011

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