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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)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
DISPOSAL OF PROPERTY**

Financial Advisor



英皇融資有限公司
Emperor Capital Limited

THE DISPOSAL

The Board announces that on 5 July 2021, the Vendor, a wholly-owned subsidiary of the Company, has entered into the Provisional Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to purchase the Property at the total consideration of HK\$38.0 million.

GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under the GEM Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the EGM.

A circular containing, among other things, further information relating to the Disposal and the notice of convening the EGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 6 August 2021, as the Company expects that it requires more time to prepare the necessary information for inclusion in the circular.

Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the section headed "The Provisional Sale and Purchase Agreement – Conditions Precedent" in this announcement, including the approval of the Provisional Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board announces that on 5 July 2021, the Vendor, a wholly-owned subsidiary of the Company, has entered into the Provisional Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to purchase the Property at the total consideration of HK\$38.0 million.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

Date:	5 July 2021
Vendor:	Viva Star
Purchaser:	Empire Ease

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is principally engaged in investment holdings and the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Purchaser who can exert influence on the Disposal; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Disposal).

Property

All that 21st Floor, Henan Building, Nos. 90-92 Jaffe Road and Nos. 15-19 Luard Road, Hong Kong.

The Property is used as the office premises of the Group as at the date of this announcement.

Consideration and payment terms

The consideration of HK\$38.0 million shall be paid by the Purchaser to the Vendor in the following manner:

- (a) HK\$1,900,000 shall be paid by the Purchaser upon signing of the Provisional Sale and Purchase Agreement as initial deposit;
- (b) HK\$1,900,000 shall be paid by the Purchaser upon signing the Formal Agreement; and
- (c) the balance in the sum of HK\$34,200,000 shall be paid in full upon completion of the Disposal.

The deposits in (a) and (b) of the above shall be paid to the Vendor's solicitors as stakeholder who may release the same to the Vendor upon completion of the Disposal.

The consideration was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to the fair market valuation of the Property of HK\$38.0 million as at 31 May 2021 as indicated by an independent professional valuer.

Conditions Precedent

Pursuant to the Provisional Sale and Purchase Agreement, the completion of the Disposal shall be subject to and conditional upon the passing of the necessary resolution(s) by the Shareholders at the EGM to approve the Provisional Sale and Purchase Agreement and the transactions contemplated in or incidental to the Provisional Sale and Purchase Agreement in accordance with the requirements of the GEM Listing Rules.

None of the above Conditions Precedent is waivable. Should the Company fail to obtain the approval of the Shareholders relation to the Provisional Sale and Purchase Agreement and the transactions contemplated thereunder, both parties shall be entitled to terminate the Provisional Sale and Purchase Agreement by notice in writing whereupon, subject to the terms of the Provisional Sale and Purchase Agreement, the Vendor shall refund the deposits (if any) in full to the Purchaser and thereafter all rights, obligations and liabilities of the parties shall cease and determine and none of the parties shall have any claim against the other.

Formal Agreement

A Formal Agreement will be signed by the Vendor and the Purchaser within five(5) Business Days after passing the relevant resolution at the EGM.

Completion of the Disposal

Subject to the fulfillment of all the Conditions Precedent, completion of the Disposal shall take place on the Completion Date. Upon completion of the Disposal, the Vendor shall deliver vacant possession of the Property to the Purchaser.

INFORMATION OF THE GROUP AND THE VENDOR

The Group is principally engaged in (i) developing and marketing of patented server based technology and the provision of communications software platform, software related services and the custom-made software development services; and (ii) game publishing, development of mobile game and related intellectual property and platform, mobile application and data solutions and provision of IT related solutions.

The Vendor is an indirectly wholly-owned subsidiary of the Company with principal business of investment holding.

FINANCIAL EFFECT OF THE DISPOSAL

The carrying value of the Property in the audited consolidated accounts of the Company as at the year ended 31 December 2020 was approximately HK\$28.5 million. Based on the consideration of HK\$38.0 million, the Group is expected to record a gain of approximately HK\$9.5 million from the Disposal, which is calculated based on the consideration received by the Group for the Disposal less the carrying value of the Property as at 31 December 2020 before any related expenses. However, the actual gain or loss from the Disposal might be different, subject to review and confirmation by the auditors. It is estimated that the net proceeds from the Disposal would be approximately HK\$37.3 million.

REASONS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As disclosed in the annual report of the Company published on 30 March 2021 for the year ended 31 December 2020, the Group's cash and cash equivalents amounted to approximately HK\$3.4 million.

The Company intends to use the net proceeds from the Disposal for the repayment of its outstanding indebtedness, including the full repayment of all the loans charged by the Property, and any remaining balance will be used as general working capital. Assuming the completion of the Disposal takes place at the end of August, the aggregate overdue amount of all loans charged by the Property would be approximately HK\$37.3 million. Having considered that (i) the valuation of the Property has notably rebounded by an approximately 33.3% from 31 December 2020; and (ii) the Disposal would provide the Group with an immediate cash inflow for repayment of the indebtedness of the Group, the Directors are of the view that the Disposal represents a good timing and opportunity for the Group to settle its outstanding indebtedness and also reduce the recurring finance costs.

Due to the implementation work-from-home policy as prevention measures of COVID-19 pandemic, the Group has significantly reduced its usage of the Property. The Property is now merely served as the office premises for the Group's daily administrative operation. The Director considered that the Property is not crucial to the Group's business activities and thus the Disposal would have no material impact on the Group's business operation.

Taking into account the above, the Directors consider that the terms of the Provisional Sale and Purchase Agreement is normal commercial terms, fair and reasonable and in the interest of the shareholders of the Company as a whole.

GEM Listing Rules

As one of the applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under the GEM Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the EGM.

A circular containing, among other things, further information relating to the Disposal and the notice of convening the EGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 6 August 2021, as the Company expects that it requires more time to prepare the necessary information for inclusion in the circular.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday (or a day on which a tropical cyclone No.8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which banks are open in Hong Kong to the general public for business
“BVI”	the British Virgin Islands
“Company”	Aurum Pacific (China) Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM of the Stock Exchange
“Completion Date”	within 1 month following the signing of the Formal Agreement pursuant to the Provisional Sale and Purchase Agreement
“Conditions Precedent”	the conditions precedent to the completion of the Disposal set out in the section headed “The Provisional Sale and Purchase Agreement” above
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Property under the Provisional Sale and Purchase Agreement

“EGM”	an extraordinary general meeting of the Company to be convened and held as soon as reasonably, but in any event within 90 days after signing the Provisional Sale and Purchase Agreement, at which resolution(s) will be proposed to consider, and, if thought fit, to approve the Provisional Sale and Purchase Agreement (or, as applicable, the Formal Agreement) and the transactions contemplated thereunder
“Formal Agreement”	a formal agreement for sale and purchase of the Property
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Listing Committee”	has the meaning as defined in the GEM Listing Rules
“Property”	All that 21st Floor, Henan Building, Nos. 90-92 Jaffe Road and Nos. 15-19 Luard Road, Hong Kong.
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 5 July 2021 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Property
“Purchaser” or “Empire Ease”	Empire Ease Limited, a company incorporated in Hong Kong with limited liability whose ultimate beneficial owner is Ms. Wong Fung Lin, being an Independent Third Party
“Share(s)”	share(s) of HK\$0.04 each in the share capital of the Company

“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Viva Star”	Viva Star International Limited, a company incorporated in the British Virgin Islands with limited liability

By order of the Board
Aurum Pacific (China) Group Limited
Chung Man Lai
Executive Director

Hong Kong, 5 July 2021

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Chung Man Lai

Mr. Choi Pun Lap

Independent non-executive Directors:

Mr. Leung Man Chun

Ms. Lam Yuen Man Maria

Mr. Fu Yan Ming

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

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