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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)

**MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
NATIVE HOPE LIMITED**

Financial adviser to the Company

AMASSE CAPITAL
寶 積 資 本

THE SPA

On 9 March 2016 (after trading hours), the Company, as vendor, and the Purchaser entered into the SPA, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan at the Consideration of HK\$93,750,000 payable by the Purchaser in accordance with the terms and conditions of the SPA.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal are more than 25% but are all less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

As at the date of this announcement, Mr. Lai, the ultimate beneficial owner of the Purchaser, is a director of certain members of the Disposal Group and therefore the Purchaser is a connected person at the subsidiary level of the Company under the GEM Listing Rules. As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and Shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules.

In accordance with the GEM Listing Rules, any Shareholder who has a material interest in the SPA shall abstain from voting on the resolution(s) to approve the SPA and the transactions contemplated thereunder at the EGM. The Purchaser and its associates will abstain from voting on the relevant resolution(s) at the EGM accordingly.

GENERAL

A circular of the Company (the “**Circular**”) containing, among other matters, further details of the Disposal, the notice of the EGM, and any other information as required by the GEM Listing Rules is expected to be despatched to the Shareholders on or before 30 April 2016, so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular and the notice of the EGM.

Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed “Conditions precedent” in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

References are made to the announcements of the Company dated 11 December 2014 and 17 December 2014 in relation to the acquisition of the Disposal Group (the “**Acquisition**”). The consideration paid by the Company for the Acquisition under the Previous Agreement was HK\$90,000,000.

THE SPA

Date

9 March 2016 (after trading hours)

Parties

- (i) Company : Aurum Pacific (China) Group Limited; and
- (ii) Purchaser : Mix Billion Holdings Limited;

As at the date of this announcement, Mr. Lai, the ultimate beneficial owner of the Purchaser, is a director of certain members of the Disposal Group and therefore the Purchaser is a connected person at subsidiary level of the Company under the GEM Listing Rules.

Assets to be disposed

The Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire equity interest of the Disposal Group, and the Sale Loan.

Consideration

The Consideration is HK\$93,750,000 payable by the Purchaser and shall be satisfied in the following manner:

- (i) HK\$10,000,000 in cash shall be paid by the Purchaser within 10 Business Days upon signing of the SPA;
- (ii) HK\$20,000,000 in cash shall be paid by the Purchaser within 10 Business Days upon despatching of the Circular;
- (iii) HK\$33,750,000 in cash shall be paid by the Purchaser upon Completion; and
- (iv) HK\$30,000,000 shall be paid by the Purchaser upon Completion which will be settled by setting off the Previous Remaining Consideration of HK\$30,000,000 due to the Purchaser by the Company under the Previous Agreement.

The Consideration was determined after arm's length negotiation between the Company and the Purchaser with reference to the total consideration paid by the Company under the Previous Agreement of HK\$90,000,000 and the Sale Loan of approximately HK\$3,750,000.

Conditions precedent

Completion is conditional upon satisfaction of the following conditions precedent:

- (i) All necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the SPA and the transactions contemplated thereunder having been obtained;
- (ii) the Company having obtained the approval by the Shareholders (or Independent Shareholders, if required) for the SPA and all transactions contemplated thereunder; and
- (iii) all representations and warranties given by the Company in the SPA being true and accurate in all material respects.

Save for condition (iii) which can be waived by the Purchaser, none of the above conditions can be waived. If all the conditions have not been fulfilled, or waived, on or before 31 July 2016 or such later date as the parties to the SPA may agree in writing, the SPA shall be terminated forthwith and each party to the SPA shall have no liability to the other parties save and except for any antecedent breaches of the terms thereof, and the Company shall fully refund the consideration received from the Purchaser under the SPA (without interest and cost).

Completion

Completion shall take place within 30 days following the date of fulfillment (or waiver) of the above conditions or such other date as the parties to the SPA may agree in writing.

Upon Completion, the Company shall cease to hold any interest in the Disposal Group and the Disposal Group will cease to be subsidiaries of the Company.

FINANCIAL INFORMATION OF THE DISPOSAL GROUP

The unaudited consolidated net profit before and after taxation of the Disposal Group for each of the two financial years ended 31 December 2013 and 2014 are set out below:

	For the financial year ended 31 December	
	2013	2014
	<i>(approximate HK\$'000)</i>	<i>(approximate HK\$'000)</i>
Net loss before taxation	3,187	543
Net loss after taxation	3,187	495

The unaudited consolidated net assets of the Disposal Group as at 30 September 2015 was approximately HK\$26.6 million.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Based on (i) the unaudited consolidated net asset value of the Disposal Group as at 30 September 2015 of approximately HK\$26.6 million; (ii) the goodwill of approximately HK\$74.1 million; and (iii) the non-controlling interests of approximately HK\$10.4 million, it is estimated that the Group will record a gain of approximately HK\$2.6 million (before tax) from the Disposal after deducting the expenses attributable to the Disposal of approximately HK\$0.8 million. Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognized in the consolidated financial statements of the Company depends on the net asset value of the Disposal Group as at the date of Completion and therefore may be different from the amount mentioned above.

Upon Completion, the Company will cease to hold any equity interest of the Disposal Group and the results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

The Board intends to apply the net proceeds of approximately HK\$63 million from the Disposal for business development of the Company and general working capital.

REASONS AND BENEFITS OF THE DISPOSAL

The Directors have been constantly evaluating the current businesses of the Group with an aim to streamline its businesses and increase their overall performances and prospects. The Disposal Group is mainly involved in the provision of software platform such as (i) the development services of the urban grid management system (the “**Urban Grid System Business**”); (ii) internet marketing of online peer-to-peer (P2P) lending system (the “**P2P System Business**”); and (iii) other projects such as writing and programming of applications.

It was originally expected that the Disposal Group would focus on developing the Urban Grid System Business and the P2P System Business at the time of the Acquisition and had anticipated strong growth potential in these segments. It was expected that the PRC government would be the target customers of our Urban Grid System Business and a stable and favorable return would be generated. However, the management of the Company noticed that penetration of the Urban Grid System Business into the governmental market is not satisfied. The P2P System Business has also been adversely affected by the enhancing standards of the PRC regulatory requirements over such kind of on-line financial services, the operating costs and profitability of the P2P System Business has inevitably adversely affected. Accordingly, the Directors consider these two business segments of the Disposal Group are under-performed and do not match the expectation of the Company.

Despite that the business of other projects such as writing and programming of applications has been able to achieve favourable results last year, the Directors are of the view that such business is non-recurring in nature and there is a high concentration of clients for the services, this business segment is not in line with the Group’s strategies to increase the income stream of the Group by establishing and developing core businesses with stable income and recurring nature in the long term.

Furthermore, the Directors consider that the Disposal will enhance the cash position, the working capital of the Company, and thus allow the Group to restructure its strategic business position, dispose the under-performing businesses and focus in pursuing development opportunities on its core businesses and/or other potential acquisitions in the future.

Having considered the reasons for and benefits of the Disposal above, the Directors are of the view that the terms of the SPA are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group comprises the Disposal Group and the Remaining Group.

The Group (including the Disposal Group) is principally engaged in the businesses of (i) developing and marketing of the patented server based technology and the provision of communications software platform and software related services with primary focus in the government industry sector; (ii) the provision of website development, education and communications software platform which focuses on the development of syllabus and contents for Chinese Language teaching and learning in primary and secondary schools and enterprises; (iii) the provision of software platform such as the custom-made software development services including urban grid management system, internet marketing and other projects; and (iv) money lending business.

The Disposal Group is mainly involved in the business of the provision of software platform such as (i) the development services of the urban grid management system; (ii) internet marketing of online peer-to-peer (P2P) lending system; and (iii) other projects such as writing and programming of applications.

The Remaining Group is principally engaged in the businesses of (i) developing and marketing of the patented server based technology and the provision of communications software platform and software related services with primary focus in the government industry sector; (ii) the provision of website development, education and communications software platform which focuses on the development of syllabus and contents for Chinese Language teaching and learning in primary and secondary schools and enterprises; and (iii) money lending business.

THE LISTING RULES IMPLICATIONS

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As at the date of this announcement, Mr. Lai, the ultimate beneficial owner of the Purchaser, is a director of certain members of the Disposal Group and therefore the Purchaser is a connected person at the subsidiary level of the Company under the GEM Listing Rules. As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and Shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules.

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GENERAL

The Circular containing, among other matters, further details of the Disposal, the notice of the EGM, and any other information as required by the GEM Listing Rules is expected to be despatched to the Shareholders on or before 30 April 2016, so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular and the notice of the EGM.

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DEFINITIONS

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

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which commercial banks are generally open for business in Hong Kong
“Company”	Aurum Pacific (China) Group Limited (stock code: 8148), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	the completion of the Disposal pursuant to the SPA
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration of HK\$93,750,000 payable by the Purchaser to the Company for the Disposal under the SPA
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Company to the Purchaser pursuant to the SPA
“Disposal Group”	collectively, Native Hope Limited, Fair Respect International Limited, Shenzhen Xiaoke Network Technology Company Limited*, Shenzhen Zhoufu, Maoming Yuexizhoufu Network Technology Company Limited*, King Win Intelligent Technologies Limited, King Win Intelligent Technologies (HK) Limited, Jiaxing Jiajian Intelligent Technology Company Limited*, National New Century Limited, National New Century (HK) Limited, Aurum Digital Enterprises Limited and Aurum Digital Enterprises (HK) Limited, being subsidiaries of the Company

“EGM”	the extraordinary general meeting to be convened by the Company for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Lai, the guarantor of the Purchaser under the Previous Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than those who have material interest in the SPA and the transactions contemplated thereunder and are required to abstain from voting at the EGM
“Mr. Lai”	Mr. Lai Huamin, a PRC citizen
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Previous Agreement”	the sale and purchase agreement dated 11 December 2014 and entered into by the Company, the Purchaser and the Guarantor in respect of the acquisition of entire issued share capital of the Native Hope Limited
“Previous Remaining Consideration”	the remaining consideration of HK\$30,000,000 payable by the Company to the Purchaser for the Acquisition under the Previous Agreement
“Purchaser”	Mix Billion Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“Remaining Group”	the Group excluding the Disposal Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	all outstanding amount owed by Native Hope Limited to the Remaining Group as at the date of Completion and for indication purpose, such amount is approximately HK\$3,750,000 as at the date of this announcement
“Sale Shares”	50,000 ordinary shares of US\$1.00 each in the issued share capital of Native Hope Limited, representing its entire issued share capital
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Zhoufu”	深圳州富網絡科技有限公司 (Shenzhen Zhoufu Network Technology Company Limited*), a company established in the PRC with limited liability, is effectively owned as to 51% by the Company, and is in turn an indirect subsidiary of the Company
“SPA”	the conditional sale and purchase agreement dated 9 March 2016 and entered into by the Company and the Purchaser in respect of, among other things, the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Aurum Pacific (China) Group Limited
Chan Wai Kit
Executive Director

Hong Kong, 9 March 2016

As at the date of this announcement, the Board comprises four executive Directors Mr. Chan Wai Kit, Mr. Hung Tat Chi Alan, Mr. Mui Yuk Wah and Ms. Wong Chi Yan and three independent non-executive Directors, Mr. Leung Man Chun, Mr. Chui Kwong Kau and Mr. Fok Kin Fung Eric.

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

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

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.

** for identification purpose only*