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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF ASSOCIATED COMPANIES

DISPOSAL

Reference is made to the voluntary announcement of the Company dated 3 April 2018 in respect of the heads of agreement in relation to a proposed disposal.

The Board announces that on 20 August 2018 (after trading hours), Tri King together with two other shareholders of the Targets entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, representing 74.5% equity interests in Target 1 and 67% equity interests in Target 2, respectively. The proceeds receivable by Tri King in respect of the Tri King Disposal is EUR3,433,456, equivalent to approximately HK\$30,832,000.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Tri King Disposal as calculated under Rule 19.07 of the GEM Listing Rules exceed(s) 5% but are all less than 25%, the Tri King Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

Reference is made to the voluntary announcement of the Company dated 3 April 2018 in respect of the heads of agreement in relation to a proposed disposal.

The Board announces that on 20 August 2018 (after trading hours), Tri King together with two other shareholders of the Targets entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, representing 74.5% equity interests in Target 1 and 67% equity interests in Target 2 respectively. Details of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date

20 August 2018 (after trading hours)

Parties

- (a) Fore Freedom Holdings B.V. as Purchaser
- (b) Tri King as Vendor
- (c) R. Roos B.V. as Vendor
- (d) D. Bijl B.V. as Vendor

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons and each of the Vendors (except Tri King).

As at the date of this announcement, Tri King, an indirect wholly-owned subsidiary of the Company, holds 49% equity interests in each of Target 1 and Target 2. Further information on the Purchaser and the Vendors are set out in the section headed "Information on the Parties" below.

The Disposal

Pursuant to the Sale and Purchase Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 74.5% equity interests in Target 1 and 67% equity interests in Target 2 respectively, of which Tri King has conditionally agreed to dispose of its 49% equity interests in each of Target 1 and Target 2.

Consideration

The Consideration for the Disposal is EUR5,184,937, (equivalent to approximately HK\$46,561,000) and it shall be paid by the Purchaser to the Vendors in cash upon Completion. The Consideration was determined after arm's length negotiation between the Purchaser and the Vendors on normal commercial terms with reference to the net asset value of the Targets. Among the Consideration amount, the proceeds receivable by Tri King in respect of the Tri King Disposal is EUR3,433,456, (equivalent to approximately HK\$30,832,000).

As security for its payment obligations under the Sale and Purchase Agreement, the Purchaser shall procure for the issuance of an equity commitment letter by the funds managed by Ancala Partners LLP, on the date of the Sale and Purchase Agreement for ensuring that the Purchaser shall have sufficient funds at Completion to satisfy its payment obligations under the Sale and Purchase Agreement including payment and settlement of the Consideration and an outstanding loan owed by Target 1 to an independent third party.

Conditions Precedent

Completion of the Disposal is conditional upon satisfaction of, among others, the following conditions precedent on or before 31 October 2018:

- (a) the Company complies with the relevant disclosure requirements of the GEM Listing Rules and the Stock Exchange does not prohibit the Tri King Disposal;
- (b) confirmation by the Vendors that in the period from the date of the Sale and Purchase Agreement up to and including the Completion Date, there has not been any breach of the Warranties;
- (c) the Disclosure Letter does not contain any information which results in or is likely to result in a breach or breaches of Warranties which in aggregate amount to at least EUR150,000; and
- (d) no Material Adverse Change has occurred.

The Purchaser may, at its sole discretion and at any time, waive any and all the conditions precedent in whole or in part by giving written notice to the Vendors, provided that the Purchaser may only waive the condition (a) with the prior written approval of Tri King.

Completion

Completion shall take place on the 15th Business Day after the date on which the conditions precedent under the Sale and Purchase Agreement as set out in the section headed “Conditions Precedent” above having been satisfied or otherwise waived in accordance with the terms of the Sale and Purchase Agreement unless the Purchaser and the Vendors agree otherwise in writing. Upon Completion, each of the Targets will cease to be an associated company of the Company.

REASONS FOR DISPOSAL

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

At the time of the acquisition of 49% equity interests in the Targets in April 2017, the Company expected that the Targets could provide a stepping stone for the Group to expand into the information technology market of Europe, one of its target regions, and complement its existing businesses in the information technology sector and expand into the Netherland’s internet networks/infrastructure market. Although the Company, through Tri King, has become the single largest shareholder of each of the Targets, the Company has not been able to participate in the management of the Targets. This has affected the Company’s expansion plan. Also, as the Company indirectly owns 49% equity interests of the Targets, the financial performance of the Targets is not reflected in the revenue of the Company’s consolidated financial statements. Furthermore, the Targets are still in the development stage, it is not expected that they will declare and pay dividends in the near future.

Therefore, having also taken into account that the Tri King Consideration in the amount of EUR3,433,456, (equivalent to approximately HK\$30,832,000) receivable by Tri King is in near proximity of the acquisition cost of 49% equity interests of the Targets, the Directors consider that the Tri King Disposal represents a good opportunity for the Group to exit its investment in the Targets at the lowest possible cost to the Group, to free up its current capital contribution to enable the Group to re-allocate its management and financial resources in the development of its principal businesses.

The Board considers that the Tri King Disposal will not have a material adverse impact on the Company's revenue. The Group intends to use the proceeds from the Tri King Disposal as additional working capital and funds for potential acquisition and investment should opportunities arise. The terms of the Sale and Purchase Agreement have been determined after arm's length negotiations between the parties thereto. In view of the above, the Directors are of the view that the Sale and Purchase Agreement was entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company and the Vendors

The Company is an investment holding company. The Group is principally engaged in (i) developing and marketing of the patented server-based technology and the provision of communications software platform, software related services and the custom-made software development services; (ii) money lending business; and (iii) the mobile data solutions and mobile game related services.

Tri King is a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company. Its principal business is investment holding.

R. Roos B.V. is a private company incorporated under the laws of the Netherlands with limited liability. Its principal business is holding activities and financing activities.

D. Bijl B.V. is a private company incorporated under the laws of the Netherlands with limited liability. Its principal business is holding activities and financing activities.

Other than being common shareholders of the Targets, each of R. Roos B.V. and D. Bijl B.V. and their respective beneficial shareholders is a third party independent of the Company and its connected persons.

Information on the Purchaser

Fore Freedom Holdings B.V. is a private company incorporated under the laws of the Netherlands with limited liability, the principal business of it is management and operation of infrastructure and telecommunication assets/companies in the Netherlands.

Information on the Targets

The Targets are both companies incorporated under the laws of the Netherlands with limited liability and are principally engaged in construction and management of fibre optic internet networks in the Netherlands.

Target 1 is held as to 49% by Tri King, 20.4% by R. Roos B.V., 5.1% by D. Bijl B.V. and 25.5% by other shareholders. Target 2 is held as to 49% by Tri King, 9% by R. Roos B.V., 9% by D. Bijl B.V. and 33% by other shareholders.

FINANCIAL INFORMATION OF THE TARGETS

The audited financial information of the Targets for the financial years ended 31 December 2017 and 31 December 2016 are as follows:

	For the financial year ended 31 December 2017 HK\$	For the financial year ended 31 December 2016 HK\$
Target 1 :		
Profit/(loss) before tax	1,658,570	(56,132)
Profit/(loss) after tax	1,039,766	(557,994)
Total assets	43,770,586	41,899,355
Target 2 :		
Profit before tax	1,101,376	89,896
Profit after tax	999,544	89,896
Total assets	2,020,166	2,036,540

FINANCIAL EFFECT OF THE DISPOSAL

As the Company only indirectly owns 49% equity interests of the Targets, the financial performance of the Targets is not consolidated into the Group's financial statements. It is expected that, upon Completion, the Group will recognize a loss of approximately HK\$3,678,000 from the Tri King Disposal, which is calculated with reference to the Tri King Consideration in the amount of EUR3,433,456, (equivalent to approximately HK\$30,832,000) and the unaudited carrying amount of interests in associates of approximately HK\$35,653,000 with its translation reserve of approximately HK\$1,143,000 as at 30 June 2018 as reported in the unaudited financial statements of the Company. The actual amount of gain or loss as a result of the Tri King Disposal to be recorded by the Group will be subject to the final audit by the auditor of the Company.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Tri King Disposal as calculated under Rule 19.07 of the GEM Listing Rules exceed(s) 5% but are all less than 25%, the Tri King Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Completion of the Disposal, of which the Tri King Disposal forms part, is subject to the satisfaction (or waiver) of the conditions precedent under the Sale and Purchase Agreement. As the Disposal may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	The board of Directors of the Company
“Business Day”	A day on which banks generally are open in the Netherlands for a full range of business, other than a Saturday or a Sunday
“Company”	Aurum Pacific (China) Group Limited, a company incorporate in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	Completion of the Disposal under the terms of the Sale and Purchase Agreement
“Completion Date”	The date on which the Completion takes place
“connected person”	Has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	The total consideration payable by the Purchaser to the Vendors for the Disposal under the Sale and Purchase Agreement
“Directors”	The directors of the Company

“Disclosure Letter”	The letter to be given by the Vendors to the Purchaser for the purpose of disclosing certain exceptions to the Warranties under the Sale and Purchase Agreement
“Disposal”	The disposal of the Sale Shares by the Vendors to the Purchaser under the Sale and Purchase Agreement
“EUR”	The lawful currency of the European Union’s (EU) member states
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Material Adverse Change”	Any event, circumstances, effect, occurrence or state of affairs which occurs after the date of the Sale and Purchase Agreement and which is or is likely to be, materially adverse to affect the business, operations, assets, liabilities, property or financial condition, results or prospects of the Targets, taken as a whole
“Purchaser”	Fore Freedom Holdings B.V. is a private company incorporated under the laws of the Netherlands with limited liability
“Sale and Purchase Agreement”	The Conditional Sale and Purchase Agreement dated 20 August 2018 entered into between the Vendors and the Purchaser relating to the sale and purchase of the Sale Shares
“Sale Shares”	The shares representing 74.5% equity interests in Target 1 and 67% equity interests in Target 2 respectively held by the Vendors
“Shares”	Ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholders”	Holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target 1”	Fore Freedom B.V., a private company incorporated under the laws of the Netherlands with limited liability
“Target 2”	XXLnet B.V., a private company incorporated under the laws of the Netherlands with limited liability
“Targets”	Target 1 and Target 2
“Tri King”	Tri King International Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Tri King Consideration”	The proceeds receivable by Tri King in respect of the Tri King Disposal under the Sale and Purchase Agreement
“Tri King Disposal”	The disposal of 49% equity interests in each of the Targets by Tri King to the Purchaser as part of the Disposal under the Sale and Purchase Agreement
“Vendor(s)”	Tri King and two other shareholders of the Targets, namely R. Roos B.V. and D. Bijl B.V. or each of them
“Warranties”	The warranties given or made by the Vendors under the Sale and Purchase Agreement
“%”	Per cent

* *The EUR:HK\$ exchange rate adopted in this announcement is 1:8.98*

By the order of the Board of
Aurum Pacific (China) Group Limited
Chan Kwun Chung
Executive Director

Hong Kong, 20 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chan Wai Kit, Mr. Chan Kwun Chung and Mr. Lee Cheung Yuet, Horace, and three independent non-executive Directors, namely Mr. Leung Man Chun, Mr. Fok Kin Fung, Eric and Mr. Pang Siu Yin.

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.