

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Royal Century Resources Holdings Limited

仁德資源控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8125)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED DISPOSAL OF PROPERTY

THE DISPOSAL

On 31 March 2023 (after trading hours of the Stock Exchange), the Vendor, being an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Purchaser has agreed to purchase, and the Vendor has conditionally agreed to dispose of, the Property at a consideration of HK\$30,000,000.

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.

A circular containing, among other things, further details of the Disposal, notice of the EGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 20 April 2023.

Completion is conditional upon the satisfaction of the Conditions Precedent. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE DISPOSAL

On 31 March 2023 (after trading hours of the Stock Exchange), the Vendor, being an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Purchaser has agreed to purchase, and the Vendor has conditionally agreed to dispose of, the Property at a consideration of HK\$30,000,000.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date: 31 March 2023 (after trading hours)

Parties: (i) the Vendor; and

(ii) the Purchaser.

(collectively, the “Parties”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

The Property

The Property is an industrial unit and is situated at Workshop A, 5/F, Tontex Industrial Building, 2-4 Sheung Hei Street, San Po Kong, Hong Kong with a gross floor area of approximately 5,500 square feet.

The Property was acquired by the Group in 2015. The original acquisition cost was HK\$22.4 million and the vendor at that time was Topost Limited. To the best of the Director’s knowledge, information and belief having made all reasonable enquiry, Topost Limited is a third party independent of the Company and its connected persons and does not have any relationship with the Purchaser.

The Property was held by the Group for investment purpose and rented out for rental income. The Property will be sold with the existing tenancy. The profit/loss generated from the rental income of the Property for each of the two financial years ended 31 March 2021 and 31 March 2022 are set out below:

	For the year ended	
	31 March	
	2021	2022
	<i>HK\$’000</i>	<i>HK\$’000</i>
Property		
Profit/(loss) before taxation	1,997	(121)
Profit/(loss) after taxation	1,899	(233)

The loss before taxation for the year ended 31 March 2022 was mainly due to the decrease in the fair value of the Property of approximately HK\$800,000.

Consideration and Payment Terms

The consideration of HK\$30,000,000 shall be paid by the Purchaser to the Vendor in the following manner:

- (i) HK\$6,000,000 shall be paid by the Purchaser to the Vendor on the date of signing the Agreement as deposit; and
- (ii) the balance in the sum of HK\$24,000,000 shall be paid by the Purchaser to the Vendor on the Completion Date.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser by reference to, among other things, the valuation of the Property of approximately HK\$29.5 million as at 17 March 2023 based on market approach conducted by an independent valuer and the market value of comparable properties in Hong Kong.

Conditions Precedent

Completion shall be conditional upon:

- (i) if necessary, the passing of the necessary ordinary resolution(s) by the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at a general meeting of the Company to be convened and held to approve the Agreement and the transactions contemplated thereunder, and all other consents and acts required to be obtained by the Company under the GEM Listing Rules and/or other applicable laws and regulations having been obtained and contemplated or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (ii) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser and the Company in respect of the Agreement and the transactions contemplated thereby having been obtained; and
- (iii) the Purchaser shall procure that all information and documents required pursuant to the GEM Listing Rules, and other applicable rules, codes and regulations whether in connection with the preparation of all circulars, reports, documents, independent advice or otherwise are duly given promptly to the Vendor.

None of the above conditions could be waived. If the conditions set out in (i) and (ii) have not been satisfied on or before 12:00 noon on 29 September 2023 or such later date as the Parties may agree in writing, the Agreement shall cease and determine and the Vendor shall forthwith refund the deposit without interest to the Purchaser. Neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

Completion

Subject to the fulfillment of the Conditions Precedent, the Completion shall take place on the Completion Date.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The carrying value of the Property as shown in the audited consolidated accounts of the Company as at 31 March 2022 was approximately HK\$26.2 million. Subject to review and confirmation by the auditors, the Group is expected to record a gain of approximately HK\$3.8 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 March 2022 before any related expenses. It is estimated that the net proceeds from the Disposal (after deduction of agency fees, legal fees and ancillary expenses) would be approximately HK\$29.4 million. The Company intends to use the net proceeds from the Disposal as follows: (i) approximately HK\$5.0 million for repayment of borrowings, (ii) approximately HK\$5.0 million for repayment of payables and accruals, and (iii) approximately HK\$19.4 million as general working capital of the Group, which will mainly be used for the expenses and daily operation reserve of the leasing of construction equipment business and the design, fitting out and engineering services business. It is expected that the net proceeds of approximately HK\$29.4 million would be fully utilised by the end of 31 March 2025.

INFORMATION OF THE PURCHASER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries the Purchaser and its ultimate beneficial owner, Mr. Chan Tat Wah, are third parties independent of the Company and its connected persons. The Purchaser is an investment holding company.

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; and (b) the Company, any connected person at the Company's level and/or any connected person of the Company's subsidiaries involved in the transaction contemplated under the Agreement.

INFORMATION OF THE COMPANY, THE GROUP AND THE VENDOR

The Company is an investment holding company while the Group is principally engaged in (i) provision of fitting out and engineering, design and procurement of furnishings and related products services (“**Design, fitting out and Engineering Services**”), (ii) leasing of construction equipment (“**Construction Equipment Leasing**”), (iii) sourcing and merchandising of fine and rare wines (“**Wine Merchandising**”); and (iv) provision of financial services (“**Financial Services Business**”).

Design, Fitting out and Engineering Services

The Group provides design, fitting out and engineering services to contractors in both private and public sectors who are involved in a variety of construction projects such as public housing maintenance, improvement and vacant flat refurbishment works and services etc.

Construction Equipment Leasing

The Group placed orders to the manufacturers for the production of batches of scaffolding equipment for leasing out to the customers who are engaged in construction and engineering contracts/projects. The Group would approach to and negotiate with the customers for the lease of scaffolding equipment in Hong Kong for rental income and, if requested, for the provision of installation services.

Wine Merchandising

The Group procures a variety of wines from different wine suppliers and sells the relevant wine products to both individual and corporate customers.

Financial Services Business

The Financial Services Business comprises securities business and money lending business. The Group carries out the securities business at a prudent management approach for introducing brokerage services to both individual and corporate clients in return for commission income. The Group provides money lending services to both individual and corporate clients at a prudent management approach. The income from the Financial Services Business attributes a low level of contributions to the Group’s revenue.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

Subject to review and confirmation by the auditors, the Group is expected to record a gain of approximately HK\$3.8 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 March 2022 before any related expenses.

The Directors believe that the Disposal represents a valuable opportunity for the Company to realise the value of the Property at a favourable price and the proceeds from the Disposal may improve the financial position of the Group and provide additional general working capital to the Group.

The Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. 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, the notice of the EGM and other information is expected to be despatched to the Shareholders on or before 20 April 2023.

Completion is conditional upon the satisfaction of the Conditions Precedent. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 31 March 2023 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Property
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for business
“Company”	Royal Century Resources Holdings Limited (仁德資源控股有限公司), a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Disposal
“Completion Date”	29 September 2023 or such other date to be agreed by the Parties
“Conditions Precedent”	the conditions precedent to the Completion set out in the section headed “The Agreement” above
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the sale and purchase of the Property under the Agreement
“EGM”	an extraordinary general meeting of the Company to be convened and held, at which resolutions will be proposed to consider, and, if thought fit, to approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Property”	the property located at Workshop A, 5/F, Tontex Industrial Building, 2-4 Sheung Hei Street, San Po Kong, Hong Kong with a gross floor area of approximately 5,500 square feet
“Purchaser”	Lucky Smart Capital Investment Limited, a private limited company incorporated in Hong Kong and wholly owned by Mr. Chan Tat Wah
“Shares”	share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the GEM Listing Rules
“Vendor”	Kate China Property Consultants Limited is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong
“%”	per cent.

By order of the Board
Royal Century Resources Holdings Limited
Chan Chi Yuen
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors are Mr. Chan Chi Yuen (Chairman) and Mr. Wang Jun; the non-executive Director is Mr. Tsang Kei Cheong; and the independent non-executive Directors are Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va.

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 Stock Exchange’s website at www.hkex.com.hk for at least 7 days from the date of its posting and on the website of the Company at www.royalcentury.hk.