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Golden Century International Holdings Group Limited

金禧國際控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 91)

(Warrant Code: 1807)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT

THE LEASE AGREEMENT

The Board proposes that on 28 April 2020, the Company as the tenant entered into the Lease Agreement with the Landlord, who is an Independent Third Party in respect of a lease of the Premises for a term of 4 years commencing from 8 June 2020 to 7 June 2024 (both days inclusive) for use as commercial office premises of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group if entering into lease transaction as a lessee should recognise the right-of-use asset in the consolidated financial statements of the Company according to HKFRS 16. Under the Listing Rules, the entering into lease transaction by the Group as lessee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the lease transaction contemplated under the Lease Agreement exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board proposes that on 28 April 2020, the Company as the tenant entered into the Lease Agreement with the Landlord, who is an Independent Third Party in respect of a lease of the Premises for a term of 4 years commencing from 8 June 2020 to 7 June 2024 (both days inclusive) for use as commercial office premises of the Group. Principal terms of the Lease Agreement are summarized below.

THE LEASE AGREEMENT

Date: 28 April 2020

The Landlord: Harriman Leasing Limited (acting as duly authorized agent of the Landlord).

The principal or ancillary activities carried on by the Landlord are investment and leasing of property.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are the Independent Third Parties.

The Tenant: The Company

The Premises: The entire 45th Floor, Tower One, Times Square

The Terms: Four (4) years from the commencement date of 8 June 2020 or such a date as specified by the Landlord by notice in writing.

The aggregate value of rent payable: The aggregate value of rent payable under the Lease Agreement by the Company is approximately HK\$45,972,000, which will be satisfied by internal resources of the Group.

The rent under the Lease Agreement is determined after arm’s length negotiations between the Landlord and the Company, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

Payable term: The monthly rent shall be payable monthly in advance on the first day of each calendar month.

THE RIGHT OF USE ASSET

The value of the right-of-use asset recognised by the Company under the Lease Agreement amounted to approximately HK\$40,386,000, which is the present value of aggregated lease payments less incentives (if any), plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate of 8% is applied to compute the present value of aggregate lease payments less incentives (if any) under the Lease Agreement.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is a company incorporated in Hong Kong with limited liability and the issued Shares of which have been listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) coalbed methane gas exploration and exploitation in the PRC, (ii) sale of electronic components and (iii) treasury services which include securities trading, securities brokerage and money lending.

Set out below is the summary of the audited consolidated financial information of the Company for the year ended 31 December 2018 and 31 December 2019 as extracted from the annual report of the Company for the year ended 31 December 2019:

	Year ended 31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	7,587	9,109
Loss before taxation	(505,733)	(657,874)
Loss for the year	(397,161)	(530,791)

As at 31 December 2019, the audited net liabilities value of the Company was HK\$327,734,000 and the audited total asset value of the Company was HK\$190,954,000.

REASONS FOR ENTERING INTO THE LEASE AGREEMENT

The Group is currently leasing an office premise located in Kowloon Bay as its headquarters and principal place of business, which will be expired on 15 June 2020. In evaluating the options of renewal of tenancy or leasing a new office, the Directors consider that the Premises are located in the heart of the commercial zone in Hong Kong Island which is a well-developed central business district. The Directors consider it is beneficial to enter into the Lease Agreement and relocate the headquarters of the Company to the Premises, which will facilitate the future expansion and growth of the financial services businesses of the Group and the location of the Premises is easily accessible by transportation by both our corporate and individual clients.

The terms of the Lease Agreement, including but not limited to the rental charge, were determined after arm's length negotiations between the parties and with reference to the open market rent of comparable office properties. The entering into of the Lease Agreement is necessary for continuing the operation of business of the Group for use as office premises and is in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Lease Agreement are on normal commercial terms and fair and reasonable and entering into of the Lease Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	Golden Century International Holdings Group Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China

“Independent Third Party(ies)”	to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Landlord and its ultimate beneficial owners are independent third parties of the Company and its connected persons (as defined under the Listing Rules)
“Landlord”	the landlord as more particular set out under the sub-heading “The Landlord” in the section headed “The Lease Agreement” in this announcement
“Lease Agreement”	the lease agreement dated 28 April 2020 entered into between the Company and the Landlord in relation to the lease of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Premises”	the premises as more particular set out under the sub-heading “The Premises” in the section headed “The Lease Agreement” in this announcement
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Golden Century International Holdings Group Limited
Pan Jibiao
Chairman

Hong Kong, 28 April 2020

As at the date of this announcement, the executive Directors are Mr. Pan Jibiao (Chairman), Mr. Lo Tsz Fung Philip, Mr. Tam Tak Wah, and Ms. Shao Yanxia, the non-executive Director is Mr. Shiu Shu Ming, and the independent non-executive Directors are Mr. Chan Yim Por Bonnie, Mr. Lai Kin Keung, and Mr. Yeung Chi Wai.