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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)

MAJOR TRANSACTION IN RELATION TO THE SUBSCRIPTION OF 75% SHARES OF THE TARGET COMPANY

Financial Adviser to the Company



Euto Capital Partners Limited

THE SUBSCRIPTION

The Board is pleased to announce that on 7 May 2020 (after trading hours), the Company, Spring Wave and the Target Company entered into the Share Subscription Agreement, pursuant to which, among other things, the Company has conditionally agreed to subscribe and the Target Company has conditionally agreed to allot and issue the Subscription Shares, representing 75% of the enlarged issued share capital of the Target Company immediately after completion of the Subscription at the Subscription Amount of HK\$3,000,000.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company, and all the financial results and assets and liabilities of the Target Company will be consolidated to the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription is or are more than 25% but each of them is less than 100%, the Subscription constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Spring Wave and its ultimate beneficial owner is an Independent Third Party, and no Shareholder has a material interest in the Subscription, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Share Subscription Agreement and the transactions contemplated thereunder to be proposed at the general meeting if the Company is to convene a general meeting for approving the Share Subscription Agreement and the transactions contemplated thereunder.

The Company has obtained written Shareholders' approval for the Share Subscription Agreement and the transactions contemplated therein in accordance with Rule 14.44 of the Listing Rules from, Century Gold Millennium International Holdings Group Limited, being the controlling Shareholder holding 386,484,060 shares of the Company, representing approximately 52.59% of the entire issued share capital of the Company as at the date of this announcement. Pursuant to Rule 14.44 of the Listing Rules, the written Shareholders' approval from Century Gold Millennium International Holdings Group Limited will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be convened by the Company to approve the execution and performance of the Share Subscription Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further information on the Share Subscription Agreement and the transactions contemplated thereunder is expected to be despatched to the Shareholders on or before 28 May 2020 in accordance with the Listing Rules.

Completion of the Subscription is subject to the fulfillment of the conditions precedent set out in the Share Subscription Agreement and therefore 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 SUBSCRIPTION

The Board is pleased to announce that on 7 May 2020 (after trading hours), the Company, Spring Wave and the Target Company entered into the Share Subscription Agreement, pursuant to which, among other things, the Company has conditionally agreed to subscribe and the Target Company has conditionally agreed to allot and issue the Subscription Shares, representing 75% of the enlarged issued share capital of the Target Company immediately after completion of the Subscription at the Subscription Amount of HK\$3,000,000.

Upon Completion, the enlarged issued share capital of the Target Company will be 5,200,000 shares of which the Company (or its nominee subsidiary) will hold 3,900,000 shares (representing 75% of the enlarged issued share capital of the Target Company) and Spring Wave will hold 1,300,000 shares (representing 25% of the enlarged issued share capital of the Target Company).

The principal terms of the Share Subscription Agreement are set out below.

THE SHARE SUBSCRIPTION AGREEMENT

Date : 7 May 2020

Parties : (i) the Company;
(ii) Spring Wave; and
(iii) the Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Spring Wave and its ultimate beneficial owner is an Independent Third Party of and not connected with the Company and its connected persons.

Subscription Shares

Subject to and in accordance with the terms and conditions of the Share Subscription Agreement, the Company (or its nominee subsidiary) has conditionally agreed to subscribe and the Target Company has conditionally agreed to allot and issue the Subscription Shares, representing 75% of the enlarged issued share capital of the Target Company immediately after completion of the Subscription at the Subscription Amount of HK\$3,000,000.

Subscription Amount

Pursuant to the Share Subscription Agreement, the Subscription Amount of HK\$3,000,000 shall be paid in cash by the Company upon the Completion Date.

The Company intends to fund the Subscription by way of the Company's internal resources.

Basis of the Subscription Amount

The Subscription Amount was determined and calculated based the following formula:

Post Money Valuation x the agreed shareholding interest held by the Company immediately after completion of the Subscription (i.e. being 75%) = Subscription Amount

In the above formula:

“Post Money Valuation” refers to the sum of a premium of about 43.47% over the unaudited net asset value of the Target Company of approximately HK\$697,000 as per its unaudited financial statements as at 31 March 2020 (i.e. being HK\$1,000,000) and the Subscription Amount (i.e. being HK\$3,000,000).

The Subscription Amount and the premium of approximately 43.37% were agreed after arm's length negotiation between the Company and the Target Company having taking into account, among other things, (i) the insurance broker license held by the Target Company under the Insurance Ordinance to conduct general and long term business (including linked long term business) related regulated activities; and (ii) the operating history of the Target Company over years.

Conditions precedent

Completion is subject to the following conditions precedent being fulfilled or waived (if applicable) on or before the Long Stop Date:

- (a) there is no applicable Hong Kong laws, rules or regulations, or administrative reasons which restricts Spring Wave and/or the Target Company in proceeding the consummation of any of the transactions contemplated under the Share Subscription Agreement;
- (b) the Company, Spring Wave and the Target Company have obtained all necessary consents, approval, authorisations, permission, exemptions, orders, license and notification from and filing and registration with the applicable government institutions and regulatory authorities (include but not limited to Insurance Authority of Hong Kong) or any cooperating insurance companies or any third parties to sign and perform the Share Subscription Agreement or to complete the transactions contemplated under the Share Subscription Agreement;
- (c) the insurance broker license is still valid, not suspended or revoked, and there is no events or any factors which cause suspension or revocation of the insurance broker license upon Completion;

- (d) all material contracts are still in effect and there is no significant changes to their material terms and conditions;
- (e) the warranties given by Spring Wave and the Target Company contained in the Share Subscription Agreement remain true and accurate and not misleading in any material respect as given as of the date of the Share Subscription Agreement and at all times up to and including the Completion Date; and
- (f) the Company has completed commercial, financial and legal due diligence on the Target Company, during which the conditions of the Target Company and the statements, guarantees and commitments in the Share Subscription Agreement are true, accurate and not misleading in material respects.

Spring Wave and the Target Company shall use their respective reasonable endeavours to procure that the above conditions shall be fulfilled or continue to be fulfilled on the Completion Date.

Save and except the above conditions (a) and (b), the Company may waive the other conditions or any of them at any time by notice in writing to Spring Wave and the Target Company and such waiver may be made subject to the request and conditions made by the Company. The above conditions (a) and (b) shall not be waived.

The Company may terminate the Share Subscription Agreement at any time by notice in writing to the Target Company if any of the conditions is not fulfilled by the Long Stop Date.

Completion

Completion shall take place on the fifth (5) Business Day after the date on which all the conditions precedent shall have been satisfied or otherwise waived (where applicable) by the Company in accordance with the Share Subscription Agreement, or such other day as the Company, Spring Wave and the Target Company may mutually agree.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company, and all the financial results and assets and liabilities of the Target Company will be consolidated to the financial statements of the Group.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Target Company is a licensed insurance broker under the Insurance Ordinance to conduct general and long term business (including linked long term business) related regulated activities.

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of Spring Wave which is an investment holding company wholly-owned by Mr. Cai Quan. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Spring Wave and its ultimate beneficial owner is an Independent Third Party of and not connected with the Company and its connected persons.

Financial Information of the Target Company

Set out below is the financial information of the Target Company as extracted from its audited financial statements for the year ended 31 March 2019 and unaudited financial statements for the year ended 31 March 2020:

	For the year ended	
	31 March 2020	31 March 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Revenue	1,324	8,576
(Loss)/profit before tax	(732)	576
(Loss)/profit after tax	(732)	581

As at 31 March 2020, the unaudited net asset value of the Target Company was approximately HK\$697,000.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in (i) coalbed methane exploration and production in the People's Republic of China; (ii) electronic components trading; and (iii) treasury businesses includes securities trading and money lending business.

With the aim of developing the Company as wealth and financial solutions service conglomerate, the Group is principally planning to provide comprehensive financial services, including but not limited to dealing in securities, advising on securities and money lending.

The Target Company is a well-established insurance brokerage company and its services include but not limited to arrange general insurance and life insurance. As at the date of this announcement, the Group has not yet developed a comprehensive insurance distribution network, and it does not have the relevant license and manpower to provide such service. After Completion, the Group will benefit from a developed distribution network to facilitate its development into insurance brokerage business which aims to provide a wider range of wealth and financial solution to its clients in Hong Kong. Leveraging on the capacity of the Target Company and the Group's parental and financial resource support, the Target Company will further enhance its services.

The Target Company's experience in the insurance brokerage business would help to widen the Group's revenue stream and also become an important complement to the Group's financial service business.

On the above basis, the Board is of the view that the terms of the Share Subscription Agreement and the Subscription are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Spring Wave and its ultimate beneficial owner is an Independent Third Party and no Shareholder has a material interest in the Subscription, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Share Subscription Agreement and the transactions contemplated thereunder to be proposed at the general meeting if the Company is to convene a general meeting for approving the Share Subscription Agreement and the transactions contemplated thereunder.

The Company has obtained written Shareholders' approval for the Share Subscription Agreement and the transactions contemplated therein in accordance with Rule 14.44 of the Listing Rules from, Century Gold Millennium International Holdings Group Limited, being the controlling Shareholder holding 386,484,060 shares of the Company, representing approximately 52.59% of the entire issued share capital of the Company as at the date of this announcement. Pursuant to Rule 14.44 of the Listing Rules, the written Shareholders' approval from Century Gold Millennium International Holdings Group Limited will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be convened by the Company to approve the execution and performance of the Share Subscription Agreement and the transactions contemplated thereunder.

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DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Completion”	completion of the Subscription pursuant to the Share Subscription Agreement
“Completion Date”	the fifth (5) Business Day after the date fulfillment (or waiver) of all the conditions set out in the Share Subscription Agreement, or such other day as the Company, Spring Wave and the Target Company may mutually agree in writing
“Company”	Golden Century International Holdings Group Limited, a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 0091)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (as defined under the Listing Rules) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Insurance Ordinance”	the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	6 November 2020, being the sixth month after the date of the Share Subscription Agreement
“Share Subscription Agreement”	the conditional Share Subscription agreement dated 7 May 2020 entered into among the Company, Spring Wave and the Target Company in respect of the Subscription
“Spring Wave”	Spring Wave Limited, a company incorporated in the Hong Kong with limited liability which is the sole shareholder of the Target Company and is beneficially wholly-owned by Mr. Cai Quan as at the date of this announcement
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Share Subscription Agreement
“Subscription Amount”	the total subscription amount for the subscription of the Subscription Shares, being HK\$3,000,000
“Subscription Shares”	3,900,000 new shares to be allotted and issued by the Target Company to the Company pursuant to the Share Subscription Agreement
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	United Able International Limited, a company incorporated in the Hong Kong with limited liability
“%”	per cent.

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

Hong Kong, 7 May 2020

As at the date of this announcement, the executive Directors are Mr. Pan Jibiao (Chairman), Mr. Lo Tsz Fung Philip 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.