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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 ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANIES

Financial Adviser to the Company



Euto Capital Partners Limited

THE ACQUISITION

The Board is pleased to announce that on 19 May 2020 (after trading hours), the Company, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which, among other things, the Company has conditionally agreed that the Company (or its nominee subsidiary) shall purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Companies as at the date of this announcement, at the Consideration of HK\$10,000,000, which shall be satisfied by way of cash.

Upon Completion, the Target Companies will become wholly-owned subsidiaries of the Company, and all the financial results and assets and liabilities of the Target Companies 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 Acquisition is or are more than 5% but each of them is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase 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.

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The principal terms of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date : 19 May 2020

Parties : (i) the Company;
(ii) the Vendor; and
(iii) the Guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Vendor, its ultimate beneficial owners and the Guarantor is an Independent Third Party.

Assets to be acquired

Subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed that the Company (or its nominee subsidiary) shall purchase the Sale Shares, representing the entire issued share capital of the Target Companies as at the date of this announcement.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration of HK\$10,000,000 shall be settled in cash by the Company to the Vendor in the following manner:

- (i) a refundable deposit of HK\$1,000,000, representing 10% of the Consideration, shall be payable to the Vendor upon signing the Sale and Purchase Agreement; and
- (ii) the remaining balance of HK\$9,000,000, representing 90% of the Consideration, shall be paid upon Completion.

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

Basis of the Consideration

The Consideration was agreed after arm's length negotiation between the Company and the Vendor having taken into account, among other things, a discount of approximately 41.81% to the unaudited net asset value of the Target Companies as at 30 April 2020 of approximately HK\$17,185,000.

Conditions precedent

Completion of the Sale and Purchase Agreement 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 the Vendor and/or the Target Companies in proceeding the consummation of any of the transactions contemplated under the Sale and Purchase Agreement;
- (b) the Company, the Vendor and the Target Companies 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 the approval obtained from the SFC and (if applicable) the Stock Exchange in respect of the transaction contemplated thereunder the Sale and Purchase Agreement) or any third parties to sign and perform the Sale and Purchase Agreement or to complete the transactions contemplated under the Sale and Purchase Agreement;
- (c) the licenses to carry out regulated activities under the SFO are still valid, not suspended or revoked, and there is no events or any factors which cause suspension or revocation of the said aforesaid licenses upon Completion;

- (d) the warranties given by the Vendor and the Guarantor contained in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as given as of the date of the Sale and Purchase Agreement and at all times up to and including the Completion Date;
- (e) the Vendor has full legal and beneficial ownership of such Sale Shares, rights and assets on the terms of the Sale and Purchase Agreement free from encumbrance; and
- (f) the Company having completed and satisfied with the commercial, financial and legal due diligence on the Target Companies, during which the conditions of the Target Companies and the statements, guarantees and commitments in the Sale and Purchase Agreement are true, accurate and not misleading in material respects.

The Vendor shall use its best 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 above conditions or any of them at any time by notice in writing to the Vendor 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 Sale and Purchase Agreement at any time by notice in writing to the Vendor if any of the conditions is not fulfilled by the Long Stop Date. The Vendor shall refund the paid deposit to the Company forthwith.

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 Sale and Purchase Agreement, or such other day as the Company and the Vendor may mutually agree.

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

Guarantee

The Guarantor, a beneficial owner of the Vendor, guarantees to the Company the due performance by the Vendor its obligations under the Sale and Purchase Agreement.

INFORMATION OF THE TARGET COMPANIES

SD Limited is a company incorporated in Hong Kong with limited liability and a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO as at the date of this announcement.

SD Asset Management Limited is a company incorporated in Hong Kong with limited liability and a corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO as at the date of this announcement.

As at the date of this announcement, each of SD Limited and SD Asset Management Limited is directly wholly-owned by the Vendor. As at the date of this announcement, the ultimate beneficial owners of the Vendor are Mr. Dai Zhi, Mr. Chen Jiannan and Mr. Han Chong. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Vendor, its ultimate beneficial owners and the Guarantor is an Independent Third Party.

Financial Information of the Target Companies

SD Limited

Set out below is the financial information of SD Limited as extracted from its audited financial statements for the year ended 31 December 2018 and 2019:

	For the years ended 31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	74	300
Loss before tax	(4,024)	(2,632)
Loss after tax	(4,024)	(2,632)

As at 30 April 2020, the unaudited net asset value of SD Limited was approximately HK\$13,874,000.

SD Asset Management Limited

Set out below is the financial information of SD Asset Management Limited as extracted from its audited financial statements for the year ended 31 December 2018 and 2019:

	For the years ended 31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	–	–
Loss before tax	(838)	(829)
Loss after tax	(838)	(825)

As at 30 April 2020, the unaudited net asset value of SD Asset Management Limited was approximately HK\$3,311,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

Prior to entering into the Sale and Purchase Agreement, the Company engaged in dealing in securities and advising on securities business through its wholly owned subsidiary, GCINT Limited, a company licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities.

Given the loss of responsible officers to comply with the applicable licensing requirements and consequential failure to apply the exchange participantship of the Stock Exchange, the Board, after assessed the time and total cost to be incurred in connection with the re-activation of business of GCINT Limited, decided to cease the business of GCINT Limited with effect on 8 May 2020. In connection with the cessation of business of GCINT Limited, steps have been taken to notify the SFC and requested the revocation of its licenses to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO.

Meanwhile, the Group has looked into possible acquisitions of licensed corporation(s) which are readily available to carry out the above financial services. As set out in this announcement, the Target Companies are corporations licensed by the SFC to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO as at the date of this announcement. Further, SD Limited is an exchange participant of the Stock Exchange and a securities broker which provides a range of brokerage services which include dealing in securities, margin financing, initial public offering underwriting and secondary market placement.

In addition, the Directors are of the view that setting up a company to apply for the relevant licences from the regulatory bodies requires substantial manpower, expertise and documentation which may not be immediately available to the Company. Hence, the Acquisition would save time and cost in setting up corporation carry out regulated activities under the SFO and provide established entities for the Group to continue its treasury businesses with the minimum disturbance.

The Acquisition will also serve as a stepping stone for the Group to diversify its business into the financial services industry in Hong Kong. Given the competitiveness of the financial services industry, the Directors believe that entering into the Sale and Purchase Agreement will create positive financial impact to the Group. With the above reasons, the Board is of the view that the terms of the Sale and Purchase Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is or are more than 5% but each of them is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase 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.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“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 sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Completion Date”	the fifth (5) Business Days after the date of fulfillment (or waiver) of all the conditions set out in the Sale and Purchase Agreement (whichever is later), or such other day as the Company and the Vendor 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)
“Consideration”	the cash consideration for the Acquisition, being HK\$10,000,000
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Dai Zhi, a beneficial owner the Vendor
“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 the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	18 February 2021, being the ninth month after the date of the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 19 May 2020 entered into between the Company, the Vendor and the Guarantor in respect of the sale and purchase of the Sale Shares
“Sale Shares”	23,000,000 issued shares of SD Limited and 5,000,000 issued shares of SD Asset Management Limited, representing the entire issued share capital of the Target Companies as at the date of this announcement, respectively
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively SD Limited and SD Asset Management Limited
“Vendor”	SD Financial Group Holdings Limited
“%”	per cent.

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

Hong Kong, 19 May 2020

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