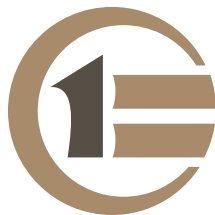


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Royal Century Resources Holdings Limited
仁德資源控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 8125)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE SUB-LEASING ARRANGEMENT
OF OFFICE PREMISES**

THE SUB-LEASING ARRANGEMENT OF OFFICE PREMISES

The Board announces that on 22 November 2021 (after trading hours), the Company as sub-lessee and ChaoShang as sub-lessor entered into the Sub-Deed of Lease in respect of the sub-leasing arrangement of the Office Premises for a term commencing from 1 December 2021 to 31 March 2025 (both days inclusive).

GEM LISTING RULES IMPLICATIONS

ChaoShang is a substantial Shareholder and therefore is a connected person of the Company under the GEM Listing Rules.

Upon adoption of HKFRS 16 Leases by the Group with effect from 1 April 2019, the Group when entering into a lease transaction as a lessee should recognise a right-of-use asset representing its right to use the underlying leased asset. The transaction contemplated under the Sub-Deed of Lease is therefore regarded as an acquisition of a right-of-use asset by the Group. Accordingly, the transaction contemplated under the Sub-Deed of Lease constitutes a one-off connected transaction under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio in respect of the Sub-Deed of Lease calculated based on the value of the right-of-use asset to be recognised by the Company exceeds 5% but is less than 25%, and the total value of the right-of-use asset under the Sub-Deed of Lease is less than HK\$10,000,000, the transaction contemplated under the Sub-Deed of Lease constitutes (i) a discloseable transaction of the Company that is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules; and (ii) a connected transaction of the Company that is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirements, under Chapter 20 of the GEM Listing Rules.

THE SUB-LEASING ARRANGEMENT OF THE OFFICE PREMISES

The Board announces that on 22 November 2021 (after trading hours), the Company as sub-lessee and ChaoShang as sub-lessor entered into the Sub-Deed of Lease in respect of the sub-leasing arrangement of the Office Premises for a term commencing from 1 December 2021 to 31 March 2025 (both days inclusive).

Details of the principal terms of the Sub-Deed of Lease are set out below:

- Parties: (1) The Company as sub-lessee; and
- (2) ChaoShang as sub-lessor
- Office Premises: a designated portion of Rooms 2201 – 05 on the 22nd Floor of China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong in the total area of 3,693 sq. ft. occupied and used by the Company exclusively, which is part of the premises to be rented by ChaoShang from the Landlord under the Head Lease.
- Term: 1 December 2021 to 31 March 2025 (both days inclusive)
- Total amount payable by the Company: The aggregate amount payable by the Company under the Sub-Deed of Lease is HK\$6,499,680 (which is equal to HK\$162,492 per month), exclusive of air-conditioning charges, management fee, government rates which shall be payable to the Landlord or the Government.
- The rent is determined after arm's length negotiations between the Company and ChaoShang, which is equal to the rent per sq. ft. that is charged by the Landlord to ChaoShang under the Head Lease, which in turn was determined after taking into consideration the prevailing market price of comparable premises in the vicinity of the Office Premises, and the fact that it is a renewal of the existing tenancy of the relevant premises and the parties would save relocation costs.
- Condition precedent: The Sub-Deed of Lease is unconditional and shall take effect from 1 December 2021.

THE RIGHT-OF-USE ASSET TO BE ACQUIRED

The value of the right-of-use asset recognised by the Group under the Sub-Deed of Lease for the Office Premises amounted to approximately HK\$6,000,000, which is calculated with reference to the present value of the aggregated rent payments to be made under the Sub-Deed of Lease in accordance with HKFRS 16 Leases.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE SUB-DEED OF LEASE

The Office Premises area has been occupied and used by the Company as its registered office and principal place of business in Hong Kong since 1 February 2016, while the other parts of the larger premises under the Head Lease excluding the Office Premises has been occupied by ChaoShang as its principal place of business. Since the existing lease which commenced from 1 December 2018 is expiring on 30 November 2021, the parties have been liaising for the renewal of the lease. During the negotiation, the parties wish to take the opportunity to re-arrange the leasing arrangement for better and easier administrative management, and at last the Landlord and ChaoShang agreed that they shall enter into the Head Lease for the whole premises to simplifying the contractual arrangement, while the Company and the Landlord agreed that the existing Office Premises area occupied by the Company would be governed by way of the Sub-Deed of Lease instead.

The Office Premises is located in the heart of the commercial zone in Hong Kong Island and has been occupied by the Company for years for its operations in Hong Kong. After considering:

- (i) the prevailing market rent for the commercial premises of similar quality in the vicinity;
- (ii) the fact that the rent per sq. ft. under the Sub-Deed of Lease is the same as that under the Head Lease, and the sub-leasing arrangement in effect is the sharing of rental payment payable to the Landlord and no additional rent or fees will be beneficially entitled by ChaoShang under the Sub-Deed of Lease;
- (iii) the Company can ride on the benefit in bargaining when ChaoShang liaised for the Head Lease for the whole premises area;
- (iv) the time and costs that would be saved by the Company without the need to look for new office premises and to relocate its registered office; and
- (v) the arrangement of the Sub-Deed of Lease does not cause material difference to the rights and responsibilities of the Company in substance under the existing leasing arrangement for the Office Premises;

the Directors, including the independent non-executive Directors, considered that the transactions contemplated under the Sub-Deed of Lease was entered into in the ordinary and usual course of business of the Group, and the Sub-Deed of Lease was entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Sub-Deed of Lease were fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES AND THE LANDLORD

Information on the Company

The Company through its subsidiaries is principally engaged in (i) provision of fitting out and engineering, design and procurement of furnishings and related products services, (ii) leasing of construction equipment, (iii) sourcing and merchandising of fine and rare wines and (iv) provision of financial services.

Information on ChaoShang

ChaoShang is a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 2322). As at the date of this announcement, it holds an aggregate of 43,221,600 Shares, representing approximately 27.57% of the issued share capital of the Company. As such, ChaoShang is a substantial Shareholder and therefore is a connected person of the Company under the GEM Listing Rules.

Information on the Landlord

The Landlord is a company incorporated in Hong Kong with limited liability, acting as the lawful attorney and agent for and on behalf of Eastern World Development Limited, a company incorporated in Hong Kong with limited liability, in entering into the Head Lease. To the best knowledge, information and belief of the Directors having made all reasonable enquiries and the publicly available information, (i) each of the Landlord and Eastern World Development Limited is a member of group of companies held by China Resources (Holdings) Company Limited, a company established in the PRC; (ii) each of the Landlord, Eastern World Development Limited and their ultimate beneficial owner(s) are Independent Third Parties; and (iii) the Landlord is principally engaged in property management and Eastern World Development Limited is principally engaged in property holding.

GEM LISTING RULES IMPLICATIONS

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GENERAL

Mr. Chan Chi Yuen, being the chairman of the Board and an executive Director, is also a director of ChaoShang, and has abstained from voting on the resolutions to approve the entering into of the Sub-Deed of Lease.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“ChaoShang”	Hong Kong ChaoShang Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 2322), being a substantial Shareholder
“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
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	Rules governing the Listing of Securities on GEM, as amended, modified, and supplemented from time to time
“Group”	the Company and its subsidiaries
“Head Lease”	the lease entered into on the same date as the Sub-Deed of Lease between the Landlord as lessor and ChaoShang as lessee
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules

“Landlord”	China Resources Property Management Limited, a private company incorporated in Hong Kong with limited liability, acting as the lawful attorney and agent for and on behalf of Eastern World Development Limited, a private company incorporated in Hong Kong with limited liability
“Lease”	Lease of the Office Premises as contemplated under the Sub-Deed of Lease
“Office Premises”	a designated portion with a floor area of approximately 3,693 sq. ft. in the larger premises constituted by Rooms 2201 – 05 on the 22nd Floor of China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong, being the subject under the Head Lease
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) in the share capital of the Company
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Deed of Lease”	a legally binding sub-deed of lease dated 22 November 2021 (as supplemented by a supplemental letter dated 22 November 2021) entered into between ChaoShang as sub-lessor and the Company as sub-lessee in relation to the Office Premises
“substantial Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 22 November 2021

As at the date of this announcement, the executive Directors are Mr. Chan Chi Yuen (Chairman), Mr. Wang Jun and Mr. Zhang Weijie; 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 (“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 Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.royalcentury.hk.