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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

The Board is pleased to announce that on 1 November 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 72,600,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.2 per Placing Share.

The Placing Price of HK\$0.2 per Placing Share represents (i) a discount of approximately 4.76% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on 1 November 2018, being the date of Placing Agreement; and (ii) a discount of approximately 3.66% to the average of the closing prices per Share of HK\$0.2076 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$14.5 million and the net proceeds will be approximately HK\$13.8 million (after deduction of commission and other expenses of the Placing). The Directors intend to use all the net proceeds as to approximately HK\$13.8 million for purchase of construction equipment for leasing purposes.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

The Board is pleased to announce that on 1 November 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing.

The Placing Agreement

Date: 1 November 2018

Parties: Issuer: The Company

Placing Agent: ChaoShang Securities Limited

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

The Placing Agent will charge the Company a placing commission of 2.5% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares of up to 72,600,000 Shares under the Placing represents (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.2 per Placing Share represents:

- (i) a discount of approximately 4.76% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on 1 November 2018, being the date of Placing Agreement; and
- (ii) a discount of approximately 3.66% to the average of the closing prices per Share of HK\$0.2076 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Conditions of the Placing

The Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained.

Completion of the Placing

Completion of the Placing shall take place within four Business Days after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Placing” above are satisfied (or such other date as may be agreed between the Company and the Placing Agent in writing).

If the above conditions are not fulfilled on or before the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other (save for any antecedent breaches hereof).

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 72,600,000 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to given to the Company at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (vi) any breach of any of the representations and warranties set out in the Placing Agreement represented, warranted and undertaken by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the paragraph above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is a Hong Kong-based investment holding company. The Group is principally engaged in the provision of design and fitting-out services, provision of design and procurement of furnishings and related products services, money lending, sourcing and merchandising of fine and rare wines, and securities and assets management business.

Whilst the Group remains focused on developing its existing businesses, the Board is also actively exploring for other business opportunities in order to diversify its business which provide better returns for the Shareholders. The Group has been engaging in its design and fitting-out services and design and procurement of furnishings and related products services operation over years and as mentioned in the “Financial Review” section of the first quarterly report of the Company dated 9 August 2018, the Group has established a warehouse for the storage of construction equipment, including but not limited to scaffolding equipment which can be used for the fitting-out services and/or other construction works, for leasing purpose. The leasing of construction equipment business is a natural expansion of and ancillary to the existing principal business of the Company, and is in line with the business development strategy of the Company, which shall enrich the business profile of the Company.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$14.5 million, and the net proceeds will be approximately HK\$13.8 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.19 per Placing Share.

The Directors intend to use all the net proceeds as to approximately HK\$13.8 million for purchase of construction equipment for leasing purposes.

The Directors consider that the Placing represents an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group as explained above without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising, as well as to enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under General Mandate.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

As disclosed in the announcements of the Company dated 1 November 2017 and 23 November 2017, the Company has entered into a placing agreement with Kingston Securities Limited on 1 November 2017, which was terminated subsequently on 23 November 2017 by mutual agreement and have not been completed. Save as disclosed above, the Company had not conducted any fund raising activity involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) the effect on the shareholding structure upon completion (assuming all the Placing Shares are fully placed out) of the Placing are set out below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Superb Smart Limited (<i>note 1</i>)	81,440,000	22.44	81,440,000	18.70
Time Vanguard Holdings Limited (<i>note 2</i>)	50,000,000	13.77	50,000,000	11.48
Mr. Wang Shengdong	45,484,000	12.53	45,484,000	10.44
The Placees	–	–	72,600,000	16.67
Other Public Shareholders	<u>186,076,000</u>	<u>51.26</u>	<u>186,076,000</u>	<u>42.71</u>
Total	<u><u>363,000,000</u></u>	<u><u>100.00</u></u>	<u><u>435,600,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Superb Smart Limited is wholly-owned by Ms. Zheng Juhua.
2. Time Vanguard Holdings Limited is wholly-owned by China Huarong International Holdings Limited (“**Huarong International**”). Huarong International is a jointly-owned as to 11.9% by Huarong Zhiyuan Investment & Management Co., Ltd. (“**Huarong Zhiyuan**”) and 88.1% by Huarong Real Estate Co., Ltd. (“**Huarong Real Estate**”). Each of Huarong Zhiyuan and Huarong Real Estate is wholly-owned by China Huarong Asset Management Co., Ltd.
3. The percentages are subject to rounding errors.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 7 September 2018
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Royal Century Resources Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on GEM (stock code: 8125)
“Completion Date”	a date falling within four Business Days after the fulfilment of the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing)
“Director(s)”	the director(s) of the Company
“GEM”	GEM as operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Long Stop Date”	21 November 2018 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 72,600,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	ChaoShang Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 1 November 2018 in relation to the Placing
“Placing Price”	HK\$0.2 per Placing Share
“Placing Share(s)”	up to 72,600,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	holder(s) of the issued Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 1 November 2018

As at the date of this announcement, the executive Directors are Mr. Chan Chi Yuen (Chairman), Mr. Liu Rongsheng (Chief Executive Officer), 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 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 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.