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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)**

**(1) SHARE CONSOLIDATION;**

**(2) PROPOSED CHANGE IN BOARD LOT SIZE;**

**(3) PROPOSED RIGHTS ISSUE OF 104,520,000 RIGHTS SHARES  
AT HK\$0.30 PER RIGHTS SHARE  
ON THE BASIS OF TWO (2) RIGHTS SHARES  
FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON  
THE RECORD DATE; AND**

**(4) CONNECTED TRANSACTION IN RELATION TO THE PLACING  
AGREEMENT**

**PROPOSED SHARE CONSOLIDATION**

The Company proposes to implement the Share Consolidation on the basis that every ten (10) issued Existing Shares be consolidated into one (1) Consolidated Share.

**PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 8,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

## **PROPOSED RIGHTS ISSUE**

Subject to the Share Consolidation becoming effective, the Company proposes to raise approximately HK\$31.35 million before expenses by issuing 104,520,000 Rights Shares at the Subscription Price of HK\$0.30 per Rights Share on the basis of two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming that the Share Consolidation has become effective on the date of this announcement and that there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date, the 104,520,000 Rights Shares represent (i) 200% of the Company's issued share capital as at the date of this announcement; and (ii) approximately 66.67% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Underwriting Agreement**

The Board is pleased to announce that on 28 August 2020 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement which is conditional upon, among other things, the Independent Shareholders' approval.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite on a non-fully underwritten basis up to 35,000,000 Rights Shares (other than those agreed to be taken up by ChaoShang pursuant to the Irrevocable Undertaking).

Subject to the terms set out in the Underwriting Agreement, if and to the extent that at the Latest Time for Unsubscribed Shares Arrangement, there shall be any Unsubscribed Rights Shares and NQS Unsold Rights Shares which have not been successfully placed out by the Placing Agent under the Unsubscribed Rights Shares Arrangement, then the Underwriter shall subscribe or procure subscription for a maximum of 35,000,000 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents. The maximum underwriting commitment of the Underwriter shall be 35,000,000 Rights Shares.

## **GEM LISTING RULES IMPLICATIONS**

### **Rights Issue**

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the EGM by a resolution on which the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 10.29(1) of the GEM Listing Rules since there is no controlling Shareholder. As such, Mr. Chan Chi Yuen, Mr. Wang Jun, Mr. Zhang Weijie, Mr. Tsang Kei Cheong and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder at the EGM.

## **Placing Agreement**

The Placing Agent is wholly-owned by ChaoShang, which is a Substantial Shareholder. As at the date of this announcement, ChaoShang is beneficially interested in 85,752,000 Shares, representing approximately 16.41% of the existing issued Shares. Therefore, the Placing Agent is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, the transactions contemplated under the Placing Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **GENERAL**

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va), to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and as to the voting action therefor. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder.

The EGM will be convened and held for (i) the Shareholders to consider and, if thought fit, approve the Share Consolidation and the Change in Board Lot Size; and (ii) for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue. A circular containing, among others, (i) further details of (a) the Share Consolidation, (b) the Change in Board Lot Size, and (c) the Rights Issue, the Underwriting Agreement and the Placing Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the EGM will be despatched to the Shareholders on or before 29 September 2020 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular.

Subject to the approval of the Rights Issue, the Underwriting Agreement and the Placing Agreement by the Independent Shareholders at the EGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Prospectus (without the PAL) will be despatched to the Non-Qualifying Shareholders for information only.

**The Rights Issue will proceed on a non-fully underwritten basis. Save for the Rights Shares to be taken up by Chaoshang pursuant to the Irrevocable Undertaking and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.**

**The Rights Issue is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Rights Issue”. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (please see the section headed “Termination of the Underwriting Agreement” below) prior to the Latest Time for Termination. Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.**

**Investors’ attention is drawn to the section headed “WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS” in this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealings in the Shares or the nil-paid Rights Shares (as appropriate) up to the date when the conditions of the Rights Issue are fulfilled.**

## **(I) SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued Existing Shares be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. As none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

### **Effects of the Share Consolidation**

As at the date of this announcement, 522,600,000 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the effective date of the Share Consolidation, not less than 52,260,000 Consolidated Shares will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (iii) the compliance with the relevant procedures and requirements under the Hong Kong laws (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the second business day immediately following the fulfillment of the above conditions.

### **Listing application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

## **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, the Shareholders may during the period from Wednesday, 21 October 2020 to Friday, 27 November 2020 (both days inclusive) submit existing share certificates in the colour of Grey for the Existing Shares to the Company's share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for exchange for new share certificates in the colour of yellow, for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After 4:00 p.m. on Friday, 27 November 2020, existing share certificates for the Existing Shares will only remain effective as good evidence of legal title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

## **(II) PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 8,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.04 per Existing Share (equivalent to the theoretical closing price of HK\$0.4 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of 4,000 Existing Shares is HK\$160; (ii) the value of each board lot of 4,000 Consolidated Shares would be HK\$1,600 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 8,000 Consolidated Shares would be HK\$3,200 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

### **Reason for the Share Consolidation and the Change in Board Lot Size**

The Existing Shares has been constantly traded below HK\$1.00 in the past two years. In order to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share. It is hoped that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 (the “**Guideline**”), the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Existing Share is HK\$0.04, with a board lot size of 4,000 Existing Shares, the Company is trading under HK\$2,000 per board lot.

It is expected that the Share Consolidation, together with the Change in Board Lot Size, will increase the value of each board lot of the Consolidated Shares to more than HK\$2,000. The theoretical price per board lot of 8,000 Consolidated Shares will be HK\$3,200. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

### **(III) PROPOSED RIGHTS ISSUE**

Subject to, among other conditions, the approval by the Independent Shareholders at the EGM, the Board proposed to raise gross proceeds of approximately HK\$31.35 million (before expenses) on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date by issuing 104,520,000 Rights Shares at the Subscription Price of HK\$0.30 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

On 28 August 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

#### **Issue statistics**

Basis of the Rights Issue:	Two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price:	HK\$0.30 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	522,600,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation having become effective:	52,260,000 Consolidated Shares
Number of Rights Shares:	104,520,000 Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Number of issued Shares upon completion of the Rights Issue	156,780,000 Consolidated Shares, assuming full acceptance of the Rights Shares and no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue
Amount to be raised:	Approximately HK\$31.35 million before expenses (assuming all Rights Shares were taken up)

As at the date of this announcement, the Company had no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the Existing Shares.



Assuming that the Share Consolidation has become effective on the date of this announcement and that there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date, the 104,520,000 Rights Shares represent (i) 200% of the Company's issued share capital as at the date of this announcement; and approximately 66.67% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares.

Mr. Chan Chi Yuen, an executive Director, is also an executive director of ChaoShang, which is the holding company of the Placing Agent under the Unsubscribed Arrangements, and has abstained from voting on the Board resolutions which approved the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder voluntarily on the ground of good corporate governance.

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Rights Shares to be taken up by ChaoShang under the Irrevocable Undertaking and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

### **Irrevocable Undertakings**

As at the date of this announcement, ChaoShang is beneficially interested in an aggregate of 85,752,000 Existing Shares, representing approximately 16.41% of the existing issued Shares. Pursuant to the Irrevocable Undertaking, ChaoShang has provided irrevocable and unconditional undertaking to the Company that (i) subject to Shareholding Cap (as defined below), ChaoShang will subscribe, or procure its nominee(s) to subscribe, for 17,150,400 Rights Shares which comprise the full acceptance of our provisional entitlement (the "**Undertaken Shares**"), which together with the Existing Shares (after the Share Consolidation become effective), representing approximately 16.41% of the entire issued share capital of the Company upon completion of the Rights Issue (assuming full acceptance of the Rights Shares); (ii) 85,752,000 Existing Shares (or 8,575,200 Consolidated Shares, as the case may be) will continue to be beneficially owned by it on the Record Date; and (iii) ChaoShang will lodge their acceptance, or procure its nominee(s) to lodge acceptance of the 17,150,400 Undertaken Shares, which will be offered to it under the Rights Issue, with the Registrar, with payment in full therefor pursuant to the terms and conditions of the Prospectus Documents.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Friday, 23 October 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is Wednesday, 21 October 2020 and the Shares will be dealt with on an ex-rights basis from Thursday, 22 October 2020. The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted. The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

## **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 13 October 2020 to Monday, 19 October 2020 (both days inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. The register of members of the Company will be closed from Tuesday, 27 October 2020 to Monday, 2 November 2020 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure periods.

## **Basis of provisional allotments**

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order issued by a licensed bank for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

## **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

As at the date of this announcement, there are no Overseas Shareholders with registered addresses situated outside Hong Kong. In the event that there are any Non-Qualifying Shareholders on the Record Date. The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them. Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form during the period from Tuesday, 24 November 2020 to Thursday, 26 November 2020 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any NQS Unsold Rights Shares will first be placed by the Placing Agent under the Placing Agreement together with the Unsubscribed Rights Shares, and if unsuccessfully sold, will be taken up by the Underwriter.

Net Gain (if any) will be paid pro-rata (but rounded down to the nearest cent) to the relevant No Action Shareholders according to their shareholdings held on the Record Date in Hong Kong dollars on the basis of all NQS Unsold Rights Shares and Unsubscribed Rights Shares. The Company will retain individual amounts of less than HK\$100 for its own benefit. For the nil-paid Rights Shares that are sold in the market by the Company, if the buyer(s) of such nil-paid Rights Shares does/do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Unsubscribed Shares Arrangements.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

### **Subscription price**

The Subscription Price is HK\$0.30 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents (assuming the Share Consolidation has become effective as at the date of this announcement):

- (a) a discount of 25% to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 10% to the theoretical ex-rights price of approximately HK\$0.333 per Share based on the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 28.57% to the average closing price of HK\$0.42 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

- (d) a discount of approximately 30.88% to the average closing price of HK\$0.434 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 81.1% to the audited consolidated net asset value per Share of approximately HK\$1.59 based on the published audited consolidated net asset value of the Company of approximately HK\$82.99 million as at 31 March 2020 as extracted from the annual report of the Company for the year ended 31 March 2020 and the issued share capital of the Company of 522,600,000 Existing Shares;
- (f) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 19.05% of the theoretical diluted price of HK\$0.34 per Share to the benchmarked price of HK\$0.42 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.4 per Share and the average closing prices of the Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.42 per Share).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$28.13 million for the financial year ended 31 March 2020; and (iv) the funding and capital needs of the Company for its business plans and prospect set out in the section headed "REASONS FOR THE RIGHTS ISSUE" below. After taking into consideration the reasons for the Rights Issue as stated in the section headed "REASONS FOR THE RIGHTS ISSUE" below, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue and the Underwriting Agreement, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.28.

## **Status of Rights Shares**

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

## **Share certificates for the Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before Thursday, 3 December 2020 by ordinary post to the allottees, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

## **Fractions of Rights Shares**

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

## **Odd lots matching services**

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue and the Change in Board Lot Size, the Company will arrange the odd lots matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Rights Shares. Details of the odd lots arrangement will be set out in the circular to be despatched to the Shareholders in respect of, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.

## **Application for listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests. Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy and any other applicable fees and charges in Hong Kong.

### **Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Unsubscribed Shares Arrangements**

Pursuant to rule 10.31 of the GEM Listing Rules, the Company in the Rights Issue must make compensatory arrangement to dispose of the Rights Shares not validly applied for by the Shareholders for the benefit of those Shareholders. In order to comply with the GEM Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent for the Unsubscribed Shares Arrangement. Upon and subject to the terms and condition set out in the Placing Agreement, the Placing Agent agrees, as agent of the Company, during the Placing Period to procure on a best effort basis Placees to subscribe for the Unsubscribed Rights Shares at the Placing Price, subject to the condition that such actual price shall not be lower than the Placing Price. The Placing Agent may carry out the Placing itself and/or, at its own expenses, through such other agents as the Placing Agent may agree with the Company. The Placing Agent shall procure that such other agents shall comply with all relevant obligations to which the Placing Agent is subject under the terms of the Placing Agreement. Any Unsubscribed Rights Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to those No Action Shareholders.

The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m., on Thursday, 26 November 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Up to 87,369,600 unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Unsubscribed Shares Arrangements in aggregate will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement. Net Gain (if any) will be paid on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

## THE PLACING AGREEMENT

On 28 August 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date: 28 August 2020 (after trading hours)

Placing Agent: ChaoShang Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Placing Agent is a licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) under the SFO and is a wholly-owned subsidiary of ChaoShang, a Substantial Shareholder, and therefore is a connected person of the Company under the GEM Listing Rules.

Placing fee: Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2% of the amount which is equal to the Placing Price multiplied by the number of the Unsubscribed Rights Shares and the NQS unsold Rights Shares actually placed by the Placing Agent.

Placing price of the Unsubscribed Rights Shares and/or and the NQS Unsold Rights Shares (as the case maybe): The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case maybe) shall be not less than the Subscription Price.

The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of placement.



**Placees:** The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) (i) who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies); (ii) who shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.00% or more of the voting rights of the Company upon completion of the Rights Issue, in order to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company and none of the Placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

**Conditions Precedent:** The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional.

**Placing Period:** a period commencing from the first Business Day immediately after the Latest Time for Announcement of Unsubscribed Rights Shares and ending on the Latest Time for Unsubscribed Shares Arrangement (both days inclusive).

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Unsubscribed Shares Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders, the Directors consider that the Unsubscribed Shares Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

## THE UNDERWRITING AGREEMENT

On 28 August 2020 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement which is conditional upon, among other things, the Independent Shareholders' approval. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite on a non-fully underwritten basis up to 35,000,000 Rights Shares (other than those agreed to be taken up by ChaoShang pursuant to the Irrevocable Undertaking). Material terms of the Underwriting Agreement are set out below:

Date: 28 August 2020 (after trading hours)

Underwriter: Sinomax Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties

Total number of Rights Shares underwritten by the Underwriter: The Underwritten Shares, i.e. Up to 35,000,000 Rights Shares

Commission: 2% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares (i.e. 35,000,000 Rights Shares) committed to be underwritten, subscribed for or procured subscription for by the Underwriter

The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and the Underwriter, taking into account the following factors: (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$28.11 million for the financial year ended 31 March 2020; and (iv) the funding and capital needs of the Company for its business plans and prospect set out in the section headed "REASONS FOR THE RIGHTS ISSUE" below.

The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Rights Issue**

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (a) the passing of the necessary resolutions at the EGM to approve (i) the Underwriting Agreement and the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the GEM Listing Rules or other applicable laws and regulations), (ii) the Placing Agreement and the transactions contemplated thereunder by the Shareholders (other than those who are required to abstain from voting according to the GEM Listing Rules or other applicable laws and regulations) and (iii) the Share Consolidation;
- (b) the Share Consolidation having become effective;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid forms) by no later than the business day prior to the first day of their dealings;
- (f) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;

- (h) the compliance with and performance of all the undertakings and obligations of ChaoShang, or any of its nominee(s), under the Irrevocable Undertaking;
- (i) there being no specified event as stated in the Underwriting Agreement occurring prior to the Latest Time for Termination; and
- (j) the Shares remaining listed on GEM of the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days at any time prior to the Latest Time for Acceptance.

The Company shall use all reasonable endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree. The conditions precedent, other than condition (g) above which can only be waived by the Underwriter, are incapable of being waived. If any of the conditions precedent is not satisfied or waived (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

#### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue, or materially and adversely affect the market price of the Shares; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) any other material adverse change in the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (g) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (h) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or

- (i) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

**If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.**

## **EXPECTED TIMETABLE**

The expected timetable for the Share Consolidation, the Change in Board Lot Size and the Rights Issue is set out below:

<b>Event</b>	<b>2020</b>
Announcement of the Share Consolidation, the Change in Board Lot and the Rights Issue.....	Friday, 28 August 2020
Expected date of dispatch of Circular and the notice of EGM.....	Tuesday, 29 September 2020
Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the EGM.....	4:00 p.m. on Monday, 12 October 2020
Register of members of the Company closes for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive) .....	Tuesday, 13 October 2020- Monday, 19 October 2020
Latest time for lodging proxy forms for the EGM (not less than 48 hours (excluding any part of a day that is a public holiday)* prior to the time of EGM) .....	11:00 a.m. on Friday, 16 October 2020
Record date for determining attendance and voting rights at the EGM.....	Monday, 19 October 2020
Expected date and time of the EGM.....	11:00 a.m. on Monday, 19 October 2020

**Event****2020**

Announcement of results of the EGM .....	Monday, 19 October 2020
Effective date of the Share Consolidation.....	Wednesday, 21 October 2020
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares.....	Wednesday, 21 October 2020
Commencement of dealings in the Consolidated Shares .....	9:00 a.m. on Wednesday, 21 October 2020
Original counter for trading in the Existing Shares in board lots of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Wednesday, 21 October 2020
Temporary counter for trading in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Wednesday, 21 October 2020
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue.....	Wednesday, 21 October 2020
First day of dealings in the Consolidated Shares on an ex-rights basis relating to the Rights Issue.....	Thursday, 22 October 2020
Latest time for lodging transfer of Consolidated Shares in order to qualify for the Rights Issue.....	4:00 p.m. on Friday, 23 October 2020
Register of members of the Company closes for the Rights Issue (both days inclusive).....	Tuesday, 27 October 2020- Monday, 2 November 2020
Record Date for the Rights Issue .....	Monday, 2 November 2020
Register of members of the Company re-opens.....	Tuesday, 3 November 2020

Despatch of the Prospectus Documents .....	Tuesday, 3 November 2020
Original counter for trading in the Consolidated Shares in board lots of 8,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens.....	9:00 a.m. on Thursday, 5 November 2020
Parallel trading in the Consolidated Shares (in the form of both existing share certificate in board lots of 400 Consolidated Shares and new share certificates in board lots of 8,000 Consolidated Shares) commences .....	9:00 a.m. on Thursday, 5 November 2020
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares.....	9:00 a.m. on Thursday, 5 November 2020
First day of dealings in nil-paid Rights Shares .....	9:00 a.m. on Thursday, 5 November 2020
Latest time for splitting of PALs .....	4:00 p.m. on Monday, 9 November 2020
Last day of dealings in nil-paid Rights Shares.....	4:00 p.m. on Thursday, 12 November 2020
Latest time for lodging transfer document of nil-paid Rights Shares in order to qualify for the Unsubscribed Shares Arrangements.....	4:00 p.m. on Tuesday, 17 November 2020
Latest time for Acceptance of and payment for the Rights Issue.....	4:00 p.m. on Tuesday, 17 November 2020
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional.....	4:30 p.m. on Wednesday, 18 November 2020



- Announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Unsubscribed Shares Arrangements..... Monday, 23 November 2020
- Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent..... Tuesday, 24 November 2020
- Temporary counter for trading in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes..... 4:10 p.m. on Wednesday, 25 November 2020
- Parallel trading in the Consolidated Shares (in the form of both existing share certificates in the board lots of 400 Consolidated Shares and new shares certificates in the board lots of 8,000 Consolidated Shares) ends ..... 4:10 p.m. on Wednesday, 25 November 2020
- Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent..... Thursday, 26 November 2020
- Last day of free exchange of existing share certificates for new share certificates for the Consolidated Shares..... Friday, 27 November 2020
- Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per NQS Unsold Rights Share under the Unsubscribed Shares Arrangements)..... Wednesday, 2 December 2020
- Refund cheques, if any, to be despatched (if the Rights Issue is terminated) on or before ..... Thursday, 3 December 2020
- Despatch of certificates for fully-paid Rights Shares on or before..... Thursday, 3 December 2020

Dealings in fully-paid Rights Shares commence ..... 9:00 a.m. on  
Friday, 4 December 2020

Last day for the designated broker to  
provide matching services for odd lots of Shares..... Thursday, 10 December 2020

Payment of Net Gain to relevant No Action Shareholders (if any) ..... Monday, 14 December 2020

\* Pursuant to section 598(3) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), in calculating the period of notice required of appointment of proxy, no account is to be taken of any part of a day that is a public holiday.

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has 522,600,000 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the date of this announcement up to completion of the Rights Issue save for the following, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation becoming effective immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders; (iii) immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than ChaoShang, who has provided the Irrevocable Undertaking, and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Placees under the Unsubscribed Shares Arrangements; and (iv) immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than ChaoShang, who has provided the Irrevocable Undertaking, and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter:

	(i) As at the date of this announcement		(ii) Immediately upon the Share Consolidation become effective		(iii) Immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		(iv) Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertaking and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Placees under the Compensatory Arrangements		(v) Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertaking and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter (on a partially underwriter basis)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
ChaoShang Group	85,752,000	16.41	8,575,200	16.41	25,725,600	16.41	25,725,600	16.41	25,725,600	24.64
Time Vanguard Holdings Limited	50,000,000	9.57	5,000,000	9.57	15,000,000	9.57	5,000,000	3.19	5,000,000	4.79
Underwriter (Note)	-	-	-	-	-	-	-	-	35,000,000	33.52
Placees	-	-	-	-	-	-	87,369,600	55.73	-	-
Other public shareholders	386,848,000	74.02	38,684,800	74.02	116,054,000	74.02	38,684,800	24.67	38,684,800	37.05
Total:	<u>522,600,000</u>	<u>100</u>	<u>52,260,000</u>	<u>100</u>	<u>156,780,000</u>	<u>100</u>	<u>156,780,000</u>	<u>100</u>	<u>104,410,400</u>	<u>100</u>

*Note:* This is for illustrative purpose only. Pursuant to the terms of the Underwriting Agreement, the subscribers procured by the Underwriter shall subscribe such number of Rights Shares such that none of them will hold 10% or more of the voting rights of the Completion upon completion of the Rights Issue.

## REASONS FOR THE RIGHTS ISSUE

The Group is principally engaged in (i) provision of fitting out and engineering, design and procurement of furnishings and related products services (“Design, fitting out and engineering services”); (ii) leasing of construction equipment; (iii) sourcing and merchandising of fine and rare wines; and (iv) provision of financial services.

As disclosed in previous announcements of the Company in late-2019, the Group is expanding its business of leasing of construction equipment. The Company is also planned to further development and enlarge its fitting out, engineering and maintenance services business. The Company currently intends to use the net proceeds from the Rights Issue for the following purposes: (i) as to approximately HK\$15 to 20 million of the net proceeds for purchase of construction equipment for leasing purpose (depending on the actual prevailing purchase price per tonne of the construction equipment upon placing of the order(s)); and (ii) the remaining net proceeds for the working capital including the Design, fitting out and engineering services business and leasing of construction equipment. The aforesaid intended use of the net proceeds from the Rights Issue will remain unaffected regardless of the ultimate subscription level. In the event that the net proceeds from the Rights Issue is less than HK\$15 million, all the net proceeds will be used for purchase of construction equipment for leasing purpose.

The Board has considered other alternative means of fund raising, such as debt financing/bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Company has approached commercial banks, but it was unable to obtain any debt financing at terms acceptable to the Company as, save for the collaterals for the existing banking facilities, the Group does not have any other significant assets which is satisfactory to the banks and can serve as collaterals for further bank loans. Also, the Board does not consider debt financing to be desirable at this stage as the expected finance costs are high and additional borrowings will deteriorate the gearing position of the Group. Placing of new Shares is not adopted as it does not allow the Qualifying Shareholders the rights to participate in the fund raising exercise and their shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The Directors (excluding members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) considers that the Rights Issue is in the best interest of the Company and its Shareholders as a whole. The Rights Issue will not only strengthen the Group's capital base but will also allow all Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and participate in the development of the Group through the Rights Issue.

The gross proceeds from the Rights Issue amounts to a maximum of approximately HK\$31.35 million before expenses. The estimated expenses, in the sum of approximately HK\$1.90 million, in relation to the Rights Issue, including the financial, legal, and other professional advisory fees, placing fee, printing and translation expenses will be borne by the Company. The estimated net proceeds of the Rights Issue amounts to approximately HK\$29.45 million. The Company intends to apply the abovementioned net proceeds from the Rights Issue for the following purposes: (i) as to approximately HK\$15 to 20 million of the net proceeds for purchase of construction equipment for leasing purpose (depending on the actual prevailing purchase price per tonne of the construction equipment upon placing of the order(s)); and (ii) the remaining net proceeds for the working capital including the Design, fitting out and engineering services business and leasing of construction equipment. The aforesaid intended use of the net proceeds from the Rights Issue will remain unaffected regardless of the ultimate subscription level. In the event that the net proceeds from the Rights Issue is less than HK\$15 million, all the net proceeds will be used for purchase of construction equipment for leasing purpose. Due to the fact that the Company may need to place order(s) for certain construction equipment prior to completion of the Rights Issue in order to meet the demand from the customers, the Company may need to arrange for short term financing for purchasing the construction equipment before the net proceeds are available at completion of the Rights Issue. In such event, the net proceeds designated for purchase of construction equipment as mentioned above will be applied for settling such short term financing for the purchase.

## **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS**

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
12 November 2019	Placing of new Shares	approximately HK\$6,500,000	For purchase of construction equipment for leasing purposes	used as intended

Save as disclosed above, the Company has not conducted any other equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

## **INFORMATION ON THE PLACING AGENT**

The Placing Agent is a corporate licensed to carry out type 1 (dealings in securities) regulated activity under the SFO. It is a wholly-owned subsidiary of ChaoShang and therefore is a connected person of the Company under the GEM Listing Rules.

## **INFORMATION ON THE UNDERWRITER**

The Underwriter is a corporate licensed to carry out type 1 (dealings in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO and its ordinary course of business includes underwriting of securities. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, the Underwriter is an Independent Third Party. As such, the Underwriter complies with Rule 10.24A(1) of the GEM Listing Rules.

## **GEM LISTING RULES IMPLICATIONS**

### **Rights Issue**

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the EGM by a resolution on which the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 10.29(1) of the GEM Listing Rules since there is no controlling Shareholder. As such, Mr. Chan Chi Yuen, Mr. Wang Jun, Mr. Zhang Weijie, Mr. Tsang Kei Cheong and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder at the EGM.

### **Placing Agreement**

The Placing Agent is wholly-owned by ChaoShang, which is a Substantial Shareholder. As at the date of this announcement, ChaoShang is beneficially interested in 85,752,000 Shares, representing approximately 16.41% of the existing issued Shares. Therefore, the Placing Agent is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, the transactions contemplated under the Placing Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **EGM**

The register of members of the Company will be closed from Tuesday, 13 October 2020 to Monday, 19 October 2020 (both days inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolution(s) to approve, among other things: (i) the Share Consolidation and the Change in Board Lot Size; (ii) the Rights Issue; (iii) the Underwriting Agreement; and (iv) the Placing Agreement. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder at the EGM.

The Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates; as well as ChaoShang, will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder and, hence, is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder at the EGM. On the other hand, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation.

## **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va), to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and as to the voting action therefor. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of the Rights Issue the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder.

## **DESPATCH OF CIRCULAR**

A circular containing, among others, (i) further details of (a) the Share Consolidation, (b) the Change in Board Lot Size, and (c) the Rights Issue, the Underwriting Agreement and the Placing Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the EGM, shall be despatched on or before Tuesday, 29 September 2020 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular. Subject to, among others, the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder being approved at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders and, the Prospectus for information only, to the Non-Qualifying Shareholders in due course.

## **WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL PAID RIGHTS**

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Rights Shares to be taken up by Chaoshang pursuant to the Irrevocable Undertaking and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” in this announcement).

Accordingly, the Rights Issue may or may not proceed. The Shares are expected to be dealt in on an ex-rights basis from Thursday, 22 October 2020. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 5 November 2020 to Thursday, 12 November 2020 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors



“Business Day(s)”	a day (excluding Saturday, Sunday 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 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 general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“ChaoShang”	Hong Kong ChaoShang Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 2322) and a Substantial Shareholder
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Existing Shares to 8,000 Consolidated Shares
“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
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consolidated Shares”	Ordinary shares of the Company upon the Share Consolidation become effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, among others, the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder
“Existing Shares”	ordinary shares of the Company prior to the Share Consolidation become effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors (namely Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va) formed for the purpose of giving a recommendation to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder, and as to the voting action therefor
“Independent Financial Adviser”	An independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholder(s) other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; and (ii) ChaoShang and its associate(s)
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and connected person(s) of the Company
“Irrevocable Undertaking”	the irrevocable undertaking dated 28 August 2020 given by ChaoShang in favour of the Company, the details of which are set out in the subsection headed “The Irrevocable Undertaking” under the section headed “PROPOSED RIGHTS ISSUE” in this announcement
“Last Trading Day”	28 August 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement

“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 17 November 2020 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be extended to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Latest Time for Termination”	4:30 p.m. on the first Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter
“Latest Time for Announcement of Unsubscribed Rights Shares”	4:00 p.m. on the fourth (4th) business day after the Latest Time for Acceptance, being the latest time for the Company to announce the number of Unsubscribed Rights Shares subject to the Unsubscribed Shares Arrangement
“Latest Time for Unsubscribed Shares Arrangement”	4:00 p.m. on the third (3rd) business day after the Latest Time for Announcement of Unsubscribed Rights Shares, being the latest time for the Placing Agent to determine the list of Placees and to notify the Company and the Underwriter of the results of the Placing
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Unsubscribed Shares Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares)

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s) procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	ChaoShang Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Unsubscribed Shares Arrangements in accordance with Rule 10.31(1) of the GEM Listing Rules

“Placing Agreement”	the placing agreement dated 28 August 2020 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Period”	a period commencing from the first Business Day immediately after the Latest Time for Announcement of Unsubscribed Rights Shares, which is expected to be Tuesday, 24 November 2020, and ending at the Latest Time for Unsubscribed Shares Arrangement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus Posting Date”	Tuesday, 3 November 2020 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholders”	Shareholder(s) who(se) name(s) appeared on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 2 November 2020 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited, the share registrar and transfer office of the Company in Hong Kong, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents

“Rights Share(s)”	104,520,000 Consolidated Shares proposed to be allotted and issued by the Company for subscription pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) in the issued and unissued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Share Consolidation”	proposed consolidation of the issued Shares on the basis of ten (10) Existing Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.30 per Rights Share
“Substantial Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Sinomax Securities Limited, a company incorporated in Hong Kong with limited liability, licensed under the SFO to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 28 August 2020 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	35,000,000 Rights Shares, being the maximum number of Rights Shares to be partially-underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“Unsubscribed Shares Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

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

Hong Kong, 28 August 2020

*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](http://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](http://www.royalcentury.hk).*