
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Royal Century Resources Holdings Limited, you should at once hand this prospectus and the accompanying PAL to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Subject to the granting of the listing of and permission to deal in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and full-paid forms or such other date(s) as may be 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.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Dealings in the securities of the Company and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "U.S. Securities Act") or the laws of any state in the United States of America (the "United States"), and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares in their nil-paid or fully-paid form or to take up any entitlements to the Rights Shares in their nil-paid or fully-paid form in any jurisdiction in which such an offer or solicitation is unlawful.



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)

**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) SHARE HELD ON THE RECORD DATE
ON A NON-FULLY UNDERWRITTEN BASIS**

Underwriter to the Rights Issue

 Sincemax Securities Ltd.
佳富達證券

Capitalised terms used on this cover page have the same meanings as defined in this prospectus.

Shareholders should note that the Shares have been dealt in on an ex-rights basis from Thursday, 19 November 2020. Dealings in the Rights Shares in nil-paid form will take place from Wednesday, 2 December 2020 to Wednesday, 9 December 2020 (both days inclusive). If, prior to the Latest Time for Termination, the Underwriter terminate the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT" of this prospectus) or if the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" in the "Letter from the Board" in this prospectus are otherwise not fulfilled, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this prospectus up to the date on which the conditions of the Rights Issue are fulfilled, which is currently expected to be 4:30 p.m. on Tuesday, 15 December 2020, and any dealings in the Rights Shares in nil-paid form from Wednesday, 2 December 2020 to Wednesday, 9 December 2020 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Rights Shares in nil-paid form, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

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 Latest Time for Acceptance of and payment for the Rights Shares is 4:00 p.m. on Monday, 14 December 2020. The procedures for acceptance and transfer are set out in the paragraph headed "Procedures for acceptance and payment or transfer" on pages 22 to 23 of this prospectus.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

Set out below is the expected timetable for Change in Board Lot Size and the Rights Issue and the associated trading arrangement which is indicative only and has been prepared on the assumption that all the conditions for the implementation of the Rights Issue will be fulfilled.

Event	Time and date
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 2 December 2020
Latest time for splitting of the PAL(s).	4:00 p.m. on Friday, 4 December 2020
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 9 December 2020
Latest date and time for lodging transfer document of nil-paid Rights Shares in order to qualify for the Unsubscribed Shares Arrangement	4:00 p.m. on Monday, 14 December 2020
Latest Time for Acceptance of and payment for the Rights Issue	4:00 p.m. on Monday, 14 December 2020
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:30 p.m. on Tuesday, 15 December 2020
Announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Unsubscribed Shares Arrangement	Friday, 18 December 2020
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent.	Monday, 21 December 2020
Temporary counter for trading in the Shares in board lots of 400 Shares (in the form of existing share certificates) ends	4:10 p.m. on Tuesday, 22 December 2020
Parallel trading in the Shares (in the form of new share certificates in the board lots of 8,000 Shares and existing share certificates in the board lots of 400 Shares) ends	4:10 p.m. on Tuesday, 22 December 2020

EXPECTED TIMETABLE

Latest time of placing of the Unsubscribed Rights Shares and the
NQS Unsold Rights Shares by the Placing Agent Wednesday, 23 December 2020

Last day for free exchange of existing share certificates for
new share certificates for the Shares Monday, 28 December 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 Arrangement) Monday, 28 December 2020

Refund cheques, if any, to be despatched
(if the Rights Issue is terminated) Tuesday, 29 December 2020

Despatch of share certificates for fully-paid Rights Shares Tuesday, 29 December 2020

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

Designated broker ceases to stand in the market to
provide matching services for the sale and
purchase of the odd lots of the Shares. Thursday, 7 January 2021

Payment of Net Gain to relevant
No Action Shareholder(s) (if any) Monday, 11 January 2021

Note: All times and dates in this prospectus refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the GEM website of the Stock Exchange and on the website of the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

1. typhoon signal No. 8 (or above); or
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
 - (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance and in such event, the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance and in such event, the Latest Time for Acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following 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.

If the Latest Time for Acceptance and payment for the Rights Shares are postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned above in this section may be affected. Announcement(s) will be made by the Company as soon as practicable in such event.

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 of the Underwriting Agreement) 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 lockout; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (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. A further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the meanings as set out below:

“acting in concert”	has the meaning ascribed thereto under Takeovers Code
“Announcement”	the announcement of the Company dated 28 August 2020 in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Underwriting Agreement and the Placing Agreement
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	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 Main Board of the Stock Exchange (stock code: 2322) and a substantial shareholder of the Company
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Old Shares to 8,000 Shares
“Circular”	the circular of the Company dated 24 October 2020 in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Underwriting Agreement, the Placing Agreement and the Matching Service Agreement

DEFINITIONS

“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time
“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)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened and held on Monday, 16 November 2020 at which the Share Consolidation, the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service Agreement and the transactions contemplated thereunder were approved
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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) established for the purpose of giving a recommendation to the Independent Shareholders in respect of the fairness and reasonableness of the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service Agreement and the transactions contemplated thereunder, and as to the voting action therefor, after taking into account the advice of the Independent Financial Adviser
“Independent Financial Adviser”	Merdeka Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	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)”	any person(s) or company(ies) and their respective ultimate beneficial owners, to the best of the Directors’ 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
“Irrevocable Undertaking”	the irrevocable and unconditional undertaking dated 28 August 2020 given by ChaoShang in favour of the Company, the details of which are set out in the section headed “Rights Issue – The Irrevocable Undertaking” in the “Letter from the Board” in this prospectus

DEFINITIONS

“Last Trading Day”	28 August 2020, being the last trading day of the Shares on the Stock Exchange before the publication of the Announcement
“Latest Practicable Date”	26 November 2020, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 14 December 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 (1st) 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 and the NQS Unsold 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 and the NQS Unsold 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 and the NQS Unsold 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
“Matching Service Agreement”	the matching service agreement dated 22 October 2020 and entered into between the Company and ChaoShang Securities in relation to the appointment of ChaoShang Securities as matching service agent for the sale and purchase of odd lots of the Shares (including the Rights Shares)

DEFINITIONS

“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 Arrangement; 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
“Old Share(s)”	ordinary share(s) of the Company as existed prior to the Share Consolidation becoming effective
“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 terms and conditions of the Placing Agreement

DEFINITIONS

“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” or “ChaoShang Securities”	ChaoShang Securities Limited, a corporation licensed 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 Arrangement in accordance with Rule 10.31(1) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 28 August 2020 (as amended and supplemented by the Placing Extension Letter) 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 Extension Letter”	the extension letter dated 22 October 2020 and entered into by the Company and the Placing Agent to mutually extend the relevant dates under the Placing Agreement
“Placing Period”	a period commencing from the first (1st) Business Day immediately after the Latest Time for Announcement of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be Monday, 21 December 2020, and ending at the Latest Time for Unsubscribed Shares Arrangement
“PRC”	the People’s Republic of China, which for the purpose of this prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus” or “this prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL

DEFINITIONS

“Prospectus Posting Date”	Monday, 30 November 2020, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders (if any)
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s) (if any)
“Record Date”	Friday, 27 November 2020 or such other date as may be agreed between the Company and the Underwriter, being the date for determining the entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited, the share registrar and transfer office of the Company in Hong Kong, situated 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) Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	104,520,000 Shares proposed to be allotted and issued by the Company for subscription pursuant to the Rights Issue
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Consolidation”	the consolidation of the issued Shares on the basis of ten (10) Old Shares into one (1) Share, which took effect on Wednesday, 18 November 2020
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	HK\$0.30 per Rights Share
“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter” or “Sinomax Securities”	Sinomax Securities Limited, a company incorporated in Hong Kong with limited liability, and a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	underwriting agreement dated 28 August 2020 (as amended and supplemented by the Underwriting Extension Letter) and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwriting Extension Letter”	the extension letter dated 22 October 2020 and entered into by the Company and the Underwriter to mutually extend the relevant dates under the Underwriting Agreement
“Underwritten Share(s)”	35,000,000 Rights Shares, being the maximum number of Rights Shares to be partially-underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement
“Unsubscribed Shares Arrangement”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the terms and conditions of 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chan Chi Yuen (*Chairman*)

Mr. Wang Jun

Mr. Zhang Weijie

Non-executive Director:

Mr. Tsang Kei Cheong

Registered Office:

Suite 2201, 22/F.

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

Independent non-executive Directors:

Mr. Chan Chiu Hung Alex

Mr. Wu Zhao

Mr. Lam Cheok Va

30 November 2020

To the Shareholders

Dear Sir or Madam,

**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) SHARE HELD ON THE RECORD DATE
ON A NON-FULLY UNDERWRITTEN BASIS**

INTRODUCTION

References are made to (i) the Announcement in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Underwriting Agreement and the Placing Agreement; (ii) the announcement of the Company dated 3 September 2020 in relation to, among other things, the appointment of Merdeka Corporate Finance Limited as the Independent Financial Adviser; and (iii) the announcement of the Company dated 22 October 2020 in relation to, among other things, the appointment of ChaoShang Securities as matching service agent for the sale and purchase of odd lots of the Shares (including the Rights Shares).

LETTER FROM THE BOARD

At the EGM held on Monday, 16 November 2020, the relevant resolutions approving the Share Consolidation, the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service Agreement and the transactions contemplated thereunder were duly passed by the Shareholders or the Independent Shareholders (as the case may be) by way of poll. Mr. Chan Chi Yuen, Mr. Wang Jun, Mr. Zhang Weijie, Mr. Tsang Kei Cheong and their respective associates, as well as ChaoShang, have abstained from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service Agreement and the transactions contemplated respectively thereunder at the EGM. The Share Consolidation became effective on Wednesday, 18 November 2020.

The Rights Issue is subject to, among other things, the Underwriting Agreement becoming unconditional and not being terminated on the occurrence of certain events as set out in the section headed “Termination of the Underwriting Agreement” in this prospectus.

The purpose of this prospectus is to provide you with further details of the Rights Issue, including information on dealings in and transfers of Rights Shares and the procedures for the acceptance of provisional allotments of Rights Shares and certain financial and other information of the Group.

RIGHTS ISSUE

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) 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, 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) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.30 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	52,260,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	104,520,000 Rights Shares (assuming full acceptance of the Rights Shares)

LETTER FROM THE BOARD

Total number of Shares upon completion of the Rights Issue : 156,780,000 Shares (assuming full acceptance of the Shares and no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) from the Latest Practicable Date and up to the completion of the Rights Issue)

Gross proceeds from the Rights Issue to be raised : Approximately HK\$31.35 million before expenses (assuming all Rights Shares were taken up)

As at the Latest Practicable Date, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares.

The 104,520,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 200% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company 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 ChaoShang Securities (being the Placing Agent under the Unsubscribed Shares Arrangement and matching service agent under the Matching Service Agreement), and has abstained from voting on the Board resolutions which approved the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service 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 Undertaking

As at the Latest Practicable Date, ChaoShang is beneficially interested in an aggregate of 8,575,200 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) ChaoShang would subscribe, or procure its nominee(s) to subscribe, for 17,150,400 Rights Shares which comprise the full acceptance of its provisional entitlement (the “**Undertaken Shares**”), which together with the 8,575,200 Shares, 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) 8,575,200 Shares would continue to be beneficially owned by it on the Record Date; and (iii) ChaoShang would lodge their acceptance, or procure its nominee(s) to lodge acceptance of the 17,150,400 Undertaken Shares, which would 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.

LETTER FROM THE BOARD

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, all transfers of the Shares (together with the relevant share certificate(s)) 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, 20 November 2020.

The last day of dealings in the Shares on a cum-rights basis was Wednesday, 18 November 2020 and the Shares have been dealt with on an ex-rights basis from Thursday, 19 November 2020.

The Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue 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 shall despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) 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 have not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are no Overseas Shareholders with registered addresses situated outside Hong Kong. The Company will continue to ascertain whether there are any Overseas Shareholders and 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.

In the event that there are any Non-Qualifying Shareholders on the Record Date, the Company will send the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders for their information only. 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 Wednesday, 2 December 2020 to Wednesday, 9 December 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 (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders in Hong Kong dollars. 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 placed, 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 Arrangement.

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, which is payable in full by a Qualifying Shareholder 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.

LETTER FROM THE BOARD

The Subscription Price represents:

- (a) a discount of approximately 32.58% to the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of 25.00% to the adjusted closing price of HK\$0.40 per Share, based on the closing price of HK\$0.04 per Old Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (c) a discount of approximately 9.91% to the theoretical ex-rights price of approximately HK\$0.333 per Share based on the closing price of HK\$0.04 per Old Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (d) a discount of approximately 28.57% to the adjusted average closing price of HK\$0.42 per Share, based on the average closing price of HK\$0.042 per Old Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (e) a discount of approximately 30.88% to the adjusted average closing price of HK\$0.434 per Share, based on the average closing price of HK\$0.0434 per Old Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (f) a discount of approximately 81.13% to the adjusted 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 number of issued Shares after the Share Consolidation, which is 52,260,000; and
- (g) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 11.76% 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 adjusted closing price on the Last Trading Day of HK\$0.40 per Share and the adjusted average closing price of HK\$0.42 per Share, based on the average closing price of HK\$0.042 per Old Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day and adjusted for the effect of the Share Consolidation).

LETTER FROM THE BOARD

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, among other factors, (i) the recent closing prices of the Old Shares; (ii) the prevailing market conditions; (iii) a loss attributable to owners of the Company of approximately HK\$28.11 million recorded by the Company 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 in this prospectus.

After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue" below, the Directors (including the independent non-executive Directors) 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, issued and fully paid, will rank *pari passu* in all respects among themselves and 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 on or after the date of allotment and issue of the fully-paid Rights Shares.

Share certificates and refund cheques 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 Tuesday, 29 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.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on Tuesday, 29 December 2020. No receipt will be given for such remittance.

LETTER FROM THE BOARD

Fractional Entitlements to the Rights Shares

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

Application for listing

The Company has applied to the GEM Listing Committee of 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.

No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

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 will be in the new board lots of 8,000 Rights Shares and 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.

LETTER FROM THE BOARD

Procedures for acceptance and payment or transfer

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by not later than 4:00 p.m. on Monday, 14 December 2020 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Expected timetable – Effect of bad weather and/or extreme conditions on the Latest Time for Acceptance of and payment for the Rights Shares"). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**ROYAL CENTURY RESOURCES HOLDINGS LIMITED – PAL ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 14 December 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Friday, 4 December 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

LETTER FROM THE BOARD

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Tuesday, 29 December 2020.

No receipt will be issued in respect of any application monies received.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Unsubscribed Shares Arrangement

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company in the Rights Issue must make compensatory arrangement to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering such Unsubscribed Rights Shares and NQS Unsold Rights Shares to independent Placees for the benefit of those Shareholders to whom they were offered by way of rights. 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 conditions 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 and NQS Unsold 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 and NQS Unsold Rights Shares not placed under the Unsubscribed Shares Arrangement will then be taken up by the Underwriter (on a partially underwritten basis) pursuant to the terms and conditions 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 Net Gain, 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 Wednesday, 23 December 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 Arrangement in aggregate may be placed by the Placing Agent pursuant to the terms of the Placing Agreement.

LETTER FROM THE BOARD

Net Gain (if any) will be paid (without interest) 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 Shareholder.

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.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots, if any, of the Shares arising from the Share Consolidation, the Company has appointed ChaoShang Securities as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares during the period from Wednesday, 2 December 2020 to Thursday, 7 January 2021. Shareholders who wish to take advantage of this facility should contact Ms. Kwan of ChaoShang Securities at Room 2206-2210, 22/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (telephone number: (852) 3899 2558) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period.

Holders of odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

THE UNDERWRITING AGREEMENT

On 28 August 2020, 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).

LETTER FROM THE BOARD

Principal terms of the Underwriting Agreement are set out below:

Date: 28 August 2020

Underwriter: Sinomax Securities Limited

The Underwriter is a corporation 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. As such, the Underwriter complies with Rule 10.24A(1) of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Underwriter and its associate(s) do not hold any Shares, and each of the Underwriter and its ultimate beneficial owner(s) is an Independent Third Party.

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

Underwriting 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 (including the underwriting commission rate) 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; and taking into account the following factors: (i) the recent closing prices of the Old Shares; (ii) the prevailing market conditions; (iii) the loss attributable to owners of the Company of approximately HK\$28.11 million recorded by the Company 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 (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement (including the underwriting commission rate) 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.

LETTER FROM THE BOARD

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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, the conditions set out in (a) and (b) above have been fulfilled.

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.

THE PLACING AGREEMENT

On 28 August 2020, 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. It is expected that the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be placed to not less than six Placees. The Company will issue a further announcement and disclose the names and details of the Placee(s) if there are less than six Placees. Details of the Placing Agreement are as follows:

Date: 28 August 2020

Placing Agent: ChaoShang Securities Limited has been 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 corporation licensed to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO. It is a wholly-owned subsidiary of ChaoShang, which is a substantial shareholder of the Company, and therefore is a connected person of the Company under the GEM Listing Rules.

LETTER FROM THE BOARD

- 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 the NQS Unsold Rights Shares (as the case may be): The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case maybe) shall not be less than the Subscription Price.
- The final price determination depends 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 the NQS Unsold Rights Shares and ending on the Latest Time for Unsubscribed Shares Arrangement (both days inclusive)

LETTER FROM THE BOARD

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 Arrangement 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 (including the independent non-executive Directors) consider that the Unsubscribed Shares Arrangement is fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

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 also plans to further develop 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 million 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 of approximately HK\$9.35 million to 14.35 million for the Group's operating, administrative and general expenses, including (i) as to approximately up to HK\$9 million for payment of project costs (including materials costs and labour costs) in relation to the Design, fitting out and engineering services business; (ii) as to approximately up to HK\$2 million for payment of operating costs (including warehouse rental charges and salaries) in relation to the leasing of construction equipment business; and (iii) the remainder of approximately up to HK\$3.35 million for other operating expenses of the Group. 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.

LETTER FROM THE BOARD

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 (including the independent non-executive Directors) 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 (including the independent non-executive Directors) consider that the Rights Issue is in the best interest of the Company and the 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.

LETTER FROM THE BOARD

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\$2.00 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\$29.35 million. The Company intends to apply the abovementioned net proceeds from the Rights Issue for the following purposes: (i) as to approximately HK\$15 million 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 of approximately HK\$9.35 million to 14.35 million for the Group's operating, administrative and general expenses, including (i) as to approximately up to HK\$9 million for payment of project costs (including materials costs and labour costs) in relation to the Design, fitting out and engineering services business; (ii) as to approximately up to HK\$2 million for payment of operating costs (including warehouse rental charges and salaries) in relation to the leasing of construction equipment business; and (iii) the remainder of approximately up to HK\$3.35 million for other operating expenses of the Group. 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.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 52,260,000 Shares in issue.

On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date and 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 Latest Practicable Date; (ii) 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 Arrangement; 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 (on a partially underwritten basis):

LETTER FROM THE BOARD

Shareholders	(i) As at the Latest Practicable Date		(ii) 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 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 Arrangement		(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 Irrevocable Undertaking and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter (on a partially underwritten basis)	
	Number of		Number of		Number of		Number of	
	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %
ChaoShang	8,575,200	16.41	25,725,600	16.41	25,725,600	16.41	25,725,600	24.64
Time Vanguard Holdings Limited	5,000,000	9.57	15,000,000	9.57	5,000,000	3.19	5,000,000	4.79
Underwriter ^(Note)	-	-	-	-	-	-	31,000,000	29.69
Sub-underwriter ^(Note)	-	-	-	-	-	-	4,000,000	3.83
Placees	-	-	-	-	87,369,600	55.73	-	-
Other public Shareholders	38,684,800	74.02	116,054,400	74.02	38,684,800	24.67	38,684,800	37.05
Total:	52,260,000	100.00	156,780,000	100.00	156,780,000	100.00	104,410,400	100.00

Note:

Pursuant to the terms and conditions of the Underwriting Agreement, the Underwriter undertakes to the Company that in the event of it being called upon to subscribe for or procure subscribers or purchasers of the Underwritten Shares, it shall ensure that each of the subscribers or purchasers of the Underwritten Shares procured by it (including the Underwriter itself):

- (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules); and
- (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.

LETTER FROM THE BOARD

As confirmed by the Underwriter, it will not in fact take up the Underwritten Shares for its own account in an amount that would cause it to make a mandatory general offer under the Takeovers Code. In satisfying its underwriting commitments, the Underwriter will be obliged to procure subscriptions for the Underwritten Shares from parties not acting in concert with the Underwriter; and shall and shall cause the sub-underwriter(s) to take up, and/or procure independent subscribers or purchasers to take up, such number of Underwritten Shares as necessary to ensure that (i) the public float requirements under the GEM Listing Rules are complied with; and (ii) such that it, its sub-underwriter(s) and the subscribers or purchasers procured by it or by its sub-underwriter(s) shall not, together with party(ies) acting in concert with each of them, hold 30.0% or more of the voting rights of the Company immediately upon completion of the Rights Issue. To ensure the compliance of the public float requirements under the GEM Listing Rules can be fulfilled by the Company and without triggering any mandatory general offer obligation under Rule 26 of the Takeovers Code, as at the Latest Practicable Date, the Underwriter has procured a sub-underwriter, namely Get Nice Securities Limited, who is independent of the Underwriter to sub-underwrite 4,000,000 Rights Shares, representing approximately 3.83% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue. As confirmed by the sub-underwriter, each of the sub-underwriter and its respective connected persons and associates is an Independent Third Party. Apart from the aforesaid sub-underwriting commitment, the sub-underwriter did not hold any Shares as at the Latest Practicable Date. As at the Latest Practicable Date, both the Underwriter and sub-underwriter have not yet procured subscriber(s) for the Underwritten Shares.

As such, none of the Underwriter, sub-underwriter(s), subscribers or purchasers of the Underwritten Shares will, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 30.0% or more of the voting rights of the Company immediately upon completion of the Rights Issue at all times.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS

The following are details of the fund raising activity of the Company conducted during the past 12 months immediately preceding the Latest Practicable Date:

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

LETTER FROM THE BOARD

Save as disclosed above, the Company has not conducted any other equity fund raising activities during the past twelve months immediately preceding the Latest Practicable Date.

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 and the Matching Service Agreement

ChaoShang Securities is wholly-owned by ChaoShang, which is a substantial shareholder of the Company. As at the date of the EGM, ChaoShang was beneficially interested in 85,752,000 Old Shares, representing approximately 16.41% of the then existing issued Shares. Therefore, ChaoShang Securities is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Given that the transactions contemplated under the Placing Agreement and the Matching Service Agreement are both entered into by the Company with the same party, they are aggregated pursuant to Rule 20.79 of the GEM Listing Rules. As such, the entering into of the Placing Agreement and the Matching Service Agreement and the transactions contemplated thereunder constitutes a connected transaction on the part of 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.

At the EGM held on Monday, 16 November 2020, Mr. Chan Chi Yuen, Mr. Wang Jun, Mr. Zhang Weijie, Mr. Tsang Kei Cheong and their respective associates, as well as ChaoShang, have abstained, from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service Agreement and the transactions contemplated respectively thereunder. The relevant resolutions approving the Share Consolidation, the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Matching Service Agreement and the transactions contemplated thereunder were duly passed by the Shareholders or the Independent Shareholders (as the case may be) by way of poll.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this prospectus.

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 section headed “Termination of the Underwriting Agreement” in this prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Thursday, 19 November 2020. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 2 December 2020 to Wednesday, 9 December 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.

Yours faithfully,
For and on behalf of the Board
Royal Century Resources Holdings Limited
Chan Chi Yuen
Chairman and Executive Director

1. FINANCIAL SUMMARY

The financial information of the Group for each of the three financial years ended 31 March 2018, 2019 and 2020, the three months ended 30 June 2020 and the six months ended 30 September 2020 are set out in the following documents which have been published on both the GEM website at www.hkgem.com and the Company's website at www.royalcentury.hk:

- the annual report of the Company for the year ended 31 March 2018 published on 29 June 2018 (pages 68 to 167) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/gem/2018/0629/gln20180629133.pdf>);
- the annual report of the Company for the year ended 31 March 2019 published on 24 June 2019 (pages 71 to 195) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/gem/2019/0624/gln20190624139.pdf>);
- the annual report of the Company for the year ended 31 March 2020 published on 30 June 2020 (pages 75 to 198) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/gem/2020/0630/2020063000751.pdf>);
- the first quarterly report of the Company for the three months ended 30 June 2020 published on 14 August 2020 (pages 2 to 15) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/gem/2020/0814/2020081400033.pdf>); and
- the interim report of the Company for the six months ended 30 September 2020 published on 13 November 2020 (pages 2 to 33) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/gem/2020/1113/2020111300193.pdf>).

2. STATEMENT OF INDEBTEDNESS**Borrowings**

At the close of business on 31 October 2020, being the latest practicable date on which such information was available to the Company, the Group had a short term borrowing of HK\$8,000,000 from an independent third party.

Borrowings interest payable

At the close of business on 31 October 2020, being the latest practicable date on which such information was available to the Company, the Group had borrowings interest payable of HK\$82,000.

Lease liabilities

The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. At the close of business on 31 October 2020, being the latest practicable date on which such information was available to the Company, the Group had current and non-current lease liabilities amounting to approximately HK\$7,068,000 and HK\$9,392,000, respectively.

Commitment

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had the capital expenditure contracted but not provided for in the consolidated financial statements in respect of purchase of scaffolding equipment of approximately HK\$9,660,000.

Disclaimers

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at the close of business on 31 October 2020, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this prospectus, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

To the best knowledge of the Directors, having made all reasonable enquiries, (i) there has been no material change in indebtedness or contingent liabilities of the Group since 31 October 2020 and up to the Latest Practicable Date; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements; (iii) the Group does not have material covenants relating to the outstanding debts; (iv) the Group has complied with all of the finance covenants up to the Latest Practicable Date; (v) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including internally generated funds, the present bank and other facilities and the net proceeds from the Rights Issue as disclosed in the Announcement, the Group will have sufficient working capital for at least twelve (12) months from the date of publication of this prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Group as at 31 March 2020, being the date to which the latest published audited accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group mainly provided fitting out and other engineering services to commercial institutions and residence end users as well as public sectors. The Group has made effort to submit tenders and to enlarge the scale of operations of fitting out and engineering services business during the year ended 31 March 2020 (“FY2020”). The Group has constantly been invited by the existing and potential customers to submit the tenders regarding to the provision of fitting out and engineering services. During FY2020, the Group has also received and completed orders in relation to the furnishings and related products. During the three months ended 30 June 2020, the Group has consolidated the provision of fitting out and engineering services and the provision of design and procurement of furnishings and related products services into the provision of design, fitting out and engineering in order to concentrate and effectively utilize the resources.

Despite the unfavourable social and economic condition due to the outbreak and ongoing dissemination of social unrest and unstable activities in Hong Kong and COVID-19, causing numerous construction projects including infrastructure construction projects and building repair and maintenance projects being suspended or postponed, the Group has managed to secure contracts with sums of approximately HK\$18.4 million, of which approximately HK\$7.4 million has been recognised during the second half of FY2020. The Group expects the social unrest and the COVID-19 outbreak are short term incidents and believes that the situation will improve when the COVID-19 outbreak is under control and the performance of the fitting out and engineering services business will be improved gradually.

Apart from the provision of design, fitting out and engineering services to the commercial institutions and the residence end-users, the Group has been extending its services to the public sectors including the government authority. The Group has also been proactively developing for cohesive business relationship with project contractors of different segments in order to widen its market spectrum. The Group has been invited to submit tenders for both private sectors and public sectors.

During the three months ended 30 June 2020, the Group has further secured projects with contract sum significantly higher than the aggregate amount of all contracts awarded during FY2020. With these brilliant results, the Group is vigorously in negotiation with a number of other potential customers for the provision of design, fitting out and engineering services including provision of the public housing maintenance, improvement and vacant flat refurbishment works and services. The Group expects such exploration and strategy will further broaden and strengthen the income stream and the sustainable development of the design, fitting out and engineering services business with maximization of return of the shareholders and the value of the Group.

Leasing of construction equipment

The leasing of construction equipment business segment was developed as a natural expansion of and ancillary to the existing principal business of the Group in the year ended 31 March 2019 (“FY2019”). The business segment successfully and gradually commenced its operation and recorded rental and installation services income of approximately HK\$3.6 million during FY2020.

Despite the unfavourable social and economic condition due to the outbreak and ongoing dissemination of social unrest and unstable activities in Hong Kong and the COVID-19, the Group has successfully secured orders from various contractors/customers in relation to the leasing of construction equipment during FY2020.

As the leasing of construction equipment business is in the development and growth phase, the number of leasing orders would be expected to increase continuously during FY2020.

The Group’s leasing business has rapid increase in number of customers and projects during the three months ended 30 June 2020. The Group has been building and consolidating business relationship with its existing customers with recurring orders and is able to explore new customers and conclude projects with significant contract sums. With the ongoing increase in number of customers and projects, the revenue generating therefrom has been increased significantly during the three months ended 30 June 2020. Although such growth rate may not be dramatically raised constantly, the leasing of construction equipment is relatively stable and low risk in nature which would progressively develop into an economic scale with considerable and sustainable income stream to the Group.

With the commencement of the infrastructural facilities such as the development and construction of the third aerial runway and the new airport terminal and buildings, it is expected that the leasing of construction equipment business of the Group would be benefited from such positive growth and development. During the past few months, the Group has explored and negotiated with the contracts alongside such development and has managed to secure new project(s) therefrom.

Looking forward, with the branding recognition of the Group’s leasing of construction equipment business and the enlargement of its operation scale, the rental income derived therefrom would have significant growth potential in the coming years.

Sourcing and merchandising of fine and rare wines

The Group has developed and maintained a stable and sustainable relationship with its customers and suppliers and securing recurring orders therefrom. The Group has been actively in identification of suppliers and more potential customers to sustain the development of this business. The Group expects the wine merchandising business would be a stable income stream of the Group and the Group would maintain the wine merchandising at a steady level of operations.

Financial services

The Group continues to adopt a prudent management approach to carry out the financial services business in order to minimize its credit risk exposure while proactively exploring and seeking for high creditworthiness customers to ensure a healthy development in its money lending, securities advisory services, securities dealing and brokerage services and assets management services business.

The Group's money lending business maintains a loan portfolio with principal amount of approximately the same level as at 31 March 2020.

Certain commission income was also recognised from the introducing brokerage services during the three months ended 30 June 2020.

The following is the text of a report received from the Company's reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



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The Board of Directors
Royal Century Resources Holdings Limited
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China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

**ROYAL CENTURY RESOURCES HOLDINGS LIMITED INDEPENDENT REPORTING
ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO
FORMA FINANCIAL INFORMATION**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Royal Century Resources Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets attributable to the equity holders of the Company at 30 September 2020 and related notes (the "Pro Forma Financial Information") as set out on pages II-5 to II-6 to the prospectus dated 30 November 2020 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages II-5 to II-6 to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 104,520,000 rights shares (the "Rights Shares") at HK\$0.30 per Rights Share on the basis of two Rights Shares for every one consolidated share of the Company held on the rights issue record date (the "Rights Issue") on the Group's unaudited consolidated net tangible assets attributable to the equity holders of the Company at 30 September 2020 as if the Rights Issue and share consolidation on the basis that every ten then issued shares be consolidated into one consolidated share ("Share Consolidation") had taken place on 30 September 2020. The Share Consolidation became effective on 18 November 2020.

As part of this process, information about the Group's financial position at 30 September 2020 has been extracted by the Directors from the Group's financial statements for the six months ended 30 September 2020, on which no audit, review or accountant's report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountant's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 (Clarified) "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 September 2020 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Mazars CPA Limited

Certified Public Accountants

30 November 2020

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company prepared in accordance with paragraph 7.31 of the GEM Rules is set out to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue and Share Consolidation had been completed on 30 September 2020.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Group had the Rights Issue and Share Consolidation been completed on 30 September 2020 or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the unaudited condensed consolidated statement of financial position of the Group at 30 September 2020, as extracted from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020, with adjustments described below.

	Unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company at 30 September 2020 HK\$'000 (Note i)	Unaudited consolidated net tangible assets per Consolidated Share at 30 September 2020 HK\$ (Note ii)	Estimated net proceeds from the Rights Issue HK\$'000 (Note iii)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share immediately after completion of the Rights Issue HK\$ (Note iv)
Rights Issue of 104,520,000 Rights Shares at subscription price of HK\$0.30 per Rights Share	61,999	1.186	29,356	91,355	0.583

Notes:

- (i) The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company at 30 September 2020 of approximately HK\$61,999,000 is based on the unaudited consolidated net assets of the Group attributable to the equity holders of the Company at 30 September 2020 of approximately HK\$79,015,000 as adjusted to exclude intangible assets and goodwill of approximately HK\$15,149,000 and HK\$1,867,000 respectively as shown on the unaudited condensed consolidated statement of financial position of the Group at 30 September 2020 as extracted from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020.
- (ii) The unaudited consolidated net tangible assets per Consolidated Share at 30 September 2020 is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company at 30 September 2020 of approximately HK\$61,999,000 and 52,260,000 Consolidated Shares in issue at 30 September 2020 as if the Share Consolidation had become effective on 30 September 2020.
- (iii) The estimated net proceeds from the Rights Issue of approximately HK\$29,356,000 is calculated based on 104,520,000 Rights Shares to be issued (on the basis of two Rights Shares for every one Consolidated Share held as at the rights issue record date) at the subscription price of HK\$0.30 per Rights Share, after deduction of the estimated related expenses of approximately HK\$2,000,000, assuming that the Rights Issue had been completed on 30 September 2020.
- (iv) The unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share immediately after completion of the Rights Issue is calculated based on 156,780,000 Consolidated Shares, comprising 52,260,000 Consolidated Shares in issue at 30 September 2020 as if the Share Consolidation had become effective on 30 September 2020 and 104,520,000 Rights Shares to be issued, pursuant to the Rights Issue (on the basis of two Rights Shares for every one Consolidated Share held as at the Rights Issue record date), are in issue assuming that the Rights Issue had been completed on 30 September 2020.
- (v) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2020.

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 prospectus 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 prospectus misleading.

2. SHARE CAPITAL

The Company does not have an authorised share capital nor any nominal value of Shares in its capital.

- (a) As at the Latest Practicable Date, the number of Shares in issue was as follows:

Type	Number
Ordinary Shares	52,260,000

- (b) The Shares in issue immediately following the completion of the Rights Issue (assuming no further issue and/or repurchase of the Shares from the Latest Practicable Date to the completion of the Rights Issue) will be as follows:

Type	Number
Ordinary Shares	52,260,000
Maximum number of Rights Shares	<u>104,520,000</u>
	<u><u>156,780,000</u></u>

All the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Shares and the Rights Shares in issue and to be issued are or will be listed on GEM.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Company had not issued any Shares since 31 March 2020, being the end of the last financial year of the Company, and up to the Latest Practicable Date.

As at the Latest Practicable Date, (i) the Company had no outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert or exchange into or subscribe for Shares; (ii) there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option; and (iii) there were no arrangements under which future dividends were waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

a) Interest of Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

b) Interests of substantial Shareholders

So far as known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

Long position in the Shares and the underlying Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding in the Company ^(Note 1)
Sinomax Securities ^(Note 2)	Underwriter	35,000,000	22.32%
Smart Domain Group Limited (“ Smart Domain ”) ^(Note 2)	Interest of a controlled corporation	35,000,000	22.32%
Fu Shek Financial Holdings Limited (“ Fu Shek ”) ^(Note 2)	Interest of a controlled corporation	35,000,000	22.32%
ChaoShang ^(Note 3)	Beneficial owner	8,575,200	16.41%
Time Vanguard Holdings Limited (“ Time Vanguard ”) ^(Note 4)	Beneficial owner	5,000,000	9.57%
Pure Virtue Enterprise Limited (“ Pure Virtue ”) ^(Note 4)	Interest of a controlled corporation	5,000,000	9.57%
China Huarong Overseas Investment Holdings Co. Limited (“ Huarong Overseas ”) ^(Note 4)	Interest of a controlled corporation	5,000,000	9.57%
華融華僑資產管理股份有限公司 (“ Huarong Huaqiao ”) ^(Note 4)	Interest of a controlled corporation	5,000,000	9.57%
Huarong Zhiyuan Investment & Management Co., Ltd. (“ Huarong Zhiyuan ”) ^(Note 4)	Interest of a controlled corporation	5,000,000	9.57%
China Huarong Asset Management Co., Ltd. (“ Huarong Asset Management ”) ^(Note 4)	Interest of a controlled corporation	5,000,000	9.57%

Notes:

1. The percentage of shareholding was calculated based on the Company's total number of issued Shares as at the Latest Practicable Date (i.e. 52,260,000 Shares), save for that of Sinomax Securities, Smart Domain and Fu Shek, which was calculated based on the expected issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares under the Rights Issue comprising 156,780,000 Shares (assuming full acceptance of the Rights Shares and no further issue and/or repurchase of Shares from the Latest Practicable Date to the completion of Rights Shares).
2. Sinomax Securities is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Smart Domain. Smart Domain is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Fu Shek, which is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2263).

Pursuant to the terms and conditions of the Underwriting Agreement, Sinomax Securities (as 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).

3. ChaoShang is a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2322). As at the Latest Practicable Date, ChaoShang was beneficially interested in 8,575,200 Shares. Pursuant to the Irrevocable Undertaking, ChaoShang has provided an irrevocable and unconditional undertaking to the Company that it shall subscribe, or procure its nominee(s) to subscribe, for 17,150,400 Rights Shares, which comprise the full acceptance of its provisional entitlement.
4. 5,000,000 Shares are registered in the name of Time Vanguard, which is wholly-owned by Pure Virtue. Pure Virtue is wholly-owned by Huarong Overseas, which is wholly-owned by Huarong Huaqiao. Huarong Huaqiao is 91% owned by Huarong Zhiyuan, which is wholly-owned by Huarong Asset Management. As such, each of Pure Virtue, Huarong Overseas, Huarong Huaqiao, Huarong Zhiyuan and Huarong Asset Management is deemed to be interested in the relevant Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors or any of their close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

Director	Name of company	Nature of business	Nature of interests
Mr. Chan Chi Yuen	ChaoShang and its subsidiaries	Money lending business and securities and asset management business	Executive director and chief executive officer of ChaoShang

As the Board is independent of the boards of directors of the abovementioned companies, the Group is capable of carrying on its business independently of, and at arm's length from, the business of such companies.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) a master agreement dated 29 November 2018 (the “**Master Agreement**”) and entered into between Royal Century Construction Equipment Limited (“**Royal Century Construction**”) (as purchaser), an indirect wholly-owned subsidiary of the Company, and Ho Hon Systems Mould Plank Limited (“**Ho Hon Systems**”) (as supplier) in respect of the provision of scaffolding equipment by Ho Hon Systems to Royal Century Construction from time to time subject to the placing of purchasing orders by Royal Century Construction for an aggregate consideration of not more than HK\$15,000,000 during the term of the Master Agreement;
- (b) a purchasing order placed by Royal Century Construction with Ho Hon Systems on 18 December 2018 pursuant to the Master Agreement for purchase of scaffolding equipment in the amount of HK\$15,952,319;
- (c) a sale and purchase agreement dated 21 December 2018 and entered into amongst Mr. Wong Wai Ming (“**Mr. Wong**”) and Ms. Wong Mei Ling (as vendors) and Royal Century Investment Group Limited (as purchaser), being a direct wholly-owned subsidiary of the Company, in relation to the sale and purchase of the entire issued share capital of, and shareholder’s loan owed to Mr. Wong by, Vai Tak Building Works Company Limited for a consideration of HK\$1,880,000;
- (d) a conditional placing agreement dated 12 November 2019 and entered into between the Company and the Placing Agent in relation to the placing, on a best effort basis, of up to 87,000,000 new Shares at a price of HK\$0.08 per placing share;

- (e) the Underwriting Agreement;
- (f) the Placing Agreement;
- (g) the Matching Service Agreement;
- (h) a purchasing order placed by Royal Century Construction with Kaiping City Hong Qiang Machinery and Equipment Company Limited (“**Hong Qiang**”) on 1 September 2020 for purchase of scaffolding equipment in the amount of approximately HK\$4,700,000; and
- (i) a purchase agreement dated 7 September 2020 and entered into between Royal Century Construction (as purchaser) and Hong Qiang (as supplier) in respect of the purchase of scaffolding equipment at the total consideration of approximately HK\$11,160,000.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion, letter or advice contained in this prospectus:

Name	Qualification
Mazars CPA Limited	certified public accountants

As at the Latest Practicable Date, the expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letter or report and the reference to its name and its letter or report in the form and context in which they are respectively included.

As at the Latest Practicable Date, the expert had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

The expenses payable by the Company in connection with the Rights Issue, including Independent Financial Adviser fees, underwriting commission, placing commission, matching service fee, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$2.0 million.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	<i>Executive Directors</i> Mr. Chan Chi Yuen (<i>Chairman</i>) Mr. Wang Jun Mr. Zhang Weijie
	<i>Non-executive Director</i> Mr. Tsang Kei Cheong
	<i>Independent non-executive Directors</i> Mr. Chan Chiu Hung Alex Mr. Wu Zhao Mr. Lam Cheok Va
Audit committee	Mr. Chan Chiu Hung Alex (<i>Chairman</i>) Mr. Wu Zhao Mr. Lam Cheok Va
Nomination committee	Mr. Wu Zhao (<i>Chairman</i>) Mr. Chan Chiu Hung Alex Mr. Lam Cheok Va
Remuneration committee	Mr. Lam Cheok Va (<i>Chairman</i>) Mr. Chan Chiu Hung Alex Mr. Wu Zhao
Compliance committee	Mr. Chan Chiu Hung Alex (<i>Chairman</i>) Mr. Wu Zhao Mr. Lam Cheok Va
Registered office and principal place of business	Suite 2201, 22/F China Resources Building 26 Harbour Road Wanchai, Hong Kong
Authorised representatives	Mr. Chan Chi Yuen Mr. Pang Pui Hung Paton
Compliance officer	Mr. Chan Chi Yuen

Company secretary	Mr. Pang Pui Hung Paton
Share registrar in Hong Kong	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point, Hong Kong
Principal bankers	OCBC Wing Hang Bank 139-141 Des Voeux Road West, Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong
Auditors and reporting accountants	Mazars CPA Limited <i>Certified Public Accountants</i> 42nd Floor, Central Plaza 18 Harbour Road Wanchai, Hong Kong
Legal adviser to the Company as to Hong Kong laws	Michael Li & Co. 19th Floor, Prosperity Tower 39 Queen's Road Central Central, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Merdeka Corporate Finance Limited Room 1108-1110 11/F, Wing On Centre 111 Connaught Road Central Hong Kong
Placing Agent	ChaoShang Securities Limited Rooms 2206-2210, 22/F China Resources Building 26 Harbour Road Wanchai, Hong Kong
Underwriter	Sinomax Securities Limited Room 2705-6, 27/F Tower One, Lippo Centre 89 Queensway Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chan Chi Yuen (“**Mr. Chan**”), aged 54, is an executive Director and the chairman of the Company. He joined the Group since October 2015. Mr. Chan holds a bachelor degree with honours in Business Administration and a master of science degree with distinction in Corporate Governance and Directorship. He is a fellow of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and The Institute of Chartered Accountants in England and Wales. He is a practising certified public accountant and has extensive experience in financial management, corporate development, corporate finance and corporate governance.

Mr. Chan is currently an executive director and the chief executive officer of Hong Kong ChaoShang Group Limited (Stock code: 2322). He is also an independent non-executive director of Leyou Technologies Holdings Limited (Stock code: 1089). He was an independent non-executive director of U-RIGHT International Holdings Limited (now known as Fullsun International Holdings Group Co., Limited) (Stock code: 627) from November 2010 to December 2017, Jun Yang Financial Holding Limited (now known as Power Financial Group Limited) (Stock code: 397) from January 2005 to October 2017, Affluent Partners Holdings Limited (Stock code: 1466) from December 2016 to September 2018, China Baoli Technologies Holdings Limited (Stock code: 164) from April 2006 to September 2019, Media Asia Group Holdings Limited (Stock code: 8075) from September 2009 to March 2020, New Times Energy Corporation Limited (Stock code: 166) from May 2012 to March 2020 and Asia Energy Logistics Group Limited (Stock code: 351) from September 2004 to July 2020, and an executive director of Great Wall Belt & Road Holdings Limited (Stock code: 524) from June 2015 to October 2019.

Mr. Wang Jun (“**Mr. Wang**”), aged 51, is an executive Director. He joined the Group since February 2017. Mr. Wang completed a certificate programme in General Education from 廣東省遂溪師範學校 (for transliteration purpose only, Guangdong Suixi Education College), the PRC in 1988. Mr. Wang completed a professional programme in Business Administration from 上海國際經濟技術進修學院 (Shanghai Institute of International Economic and Technical Education) in the PRC and was awarded a bachelor degree in management in 2010. He also holds a qualification as qualified funds practitioner from the Asset Management Association of China. Mr. Wang has extensive experience in real estate, corporate strategic management, project management, investment business, and funds management.

Mr. Zhang Weijie (“**Mr. Zhang**”), aged 35, is an executive Director. He joined the Group since May 2018. Mr. Zhang completed a course in Tsinghua Business Administration and Innovation Executive Leadership programme from The Research Institute of Tsinghua University in Shenzhen, the PRC in 2013. He has extensive management experience in financial leasing and investment business and in securities investment in the PRC and Hong Kong.

Non-executive Director

Mr. Tsang Kei Cheong (“**Mr. Tsang**”), aged 43, was appointed as a Director on 20 January 2014 and became an executive Director on 30 June 2014. Mr. Tsang was redesignated as a non-executive Director on 22 December 2016. Mr. Tsang joined our Group in 2004 and has extensive experience in the interior design and consultancy industry. Prior to joining the Group, Mr. Tsang worked at S.W. Law & Associates Architects & Development Consultants Ltd, an architectural company from July 1998 to July 2004 as project coordinator responsible for assisting project architects to deal with clients, contractors and consultants. Mr. Tsang was awarded a Diploma in Electronics and Communications Engineering by Kwun Tong Technical Institute in July 1997. Mr. Tsang graduated from a Master of Engineering Management course offered by the University of Technology, Sydney in conjunction with the Hong Kong Management Association in 2014.

Independent Non-executive Directors

Mr. Chan Chiu Hung Alex (“**Mr. A Chan**”), aged 54, is an independent non-executive Director since September 2015. Mr. A Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales, and The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Mr. A Chan obtained a Bachelor of Business Administration degree (major in Finance) from Hong Kong Baptist University and professional diplomas in Hong Kong tax and China tax from the Hong Kong Institute of Certified Public Accountants. He has served in senior financial and company secretarial positions in a number of public companies listed in Hong Kong and Singapore for years.

Mr. A Chan is currently an independent non-executive director of KK Culture Holdings Limited (Stock code: 550). He was an independent non-executive director of Feishang Nonmetal Materials Technology Limited (now known as HangKan Group Limited) (Stock code: 8331) from December 2015 to December 2017.

Mr. Wu Zhao (“**Mr. Wu**”), aged 42, is an independent non-executive Director since November 2015. Mr. Wu obtained a bachelor degree in Engineering (Chemical) from the University of Queensland, Australia. He also obtained a master of commerce in applied finance and a master of information technology from the University of Queensland, Australia. He has extensive experience in finance, information technology, investment and funds management. Mr. Wu ceased to act as a director and the licensed representative of Type 1 (Dealings in Securities) and Type 4 (Advising on Securities) license of a fund management company from July 2018. Mr. Wu is currently an independent non-executive director of Silk Road Logistics Holdings Limited (Stock code: 988).

Mr. Lam Cheok Va (“**Mr. Lam**”), aged 62, is an independent nonexecutive Director since April 2016. Mr. Lam is a member of Election Committee of the Macau Special Administrative Region. Mr. Lam was a member of the Standing Committee of Yunnan Province Committee of the Chinese People’s Political Consultative Conference (9th, 10th and 11th). He is also the President of Macau Yunnan Chamber of Commerce, the Director General of Macau Small and Medium Enterprises Chamber of Commerce, a director of China Federation of Overseas Entrepreneurs, a director of Macau Chamber of Commerce, an executive director of Macau Region China Council for the Promotion of Peaceful National Reunification, and a member of Advisory Board of School of Language and Translation of Macau Polytechnic Institute. Mr. Lam has extensive experience in business including entertainment, food and beverage, retail, tourism and consulting. Mr. Lam is currently President of Macau Innovation Development Research Association, focusing in studies and research of government policies and strategies.

Senior management

Mr. Pang Pui Hung Paton (“**Mr. Pang**”), aged 51, is the financial controller and the company secretary of the Company. He currently holds directorship in certain subsidiaries of the Group. Mr. Pang has extensive experience in the field of accounting, auditing, business advisory services and financial management. He has been engaged in the senior financial and company secretarial position in listed companies in Hong Kong since 2014. Mr. Pang holds a Master of Professional Accounting degree from the Hong Kong Polytechnic University. He is a fellow member of the Association of International Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong.

Mr. Li Sze Yan (“**Mr. Li**”), aged 40, is the project controller of a subsidiary of the Group. Mr. Li join the Group in December 2017 and has extensive experience in fitting out and engineering industries.

Mr. Chiu Kam Sang (“**Mr. Chiu**”), aged 55, is the director of a subsidiary of the Group. Mr. Chiu joined the Group in 2018 and has extensive experience in waterproofing works and maintenance industries.

The business address of the Directors and the senior management is the same as the Company's principal place of business at Suite 2201, 22/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprises three members, namely Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va, being all the independent non-executive Directors. The primary duties of the audit committee include the review of the Group's financial reporting process and the internal control systems as well as risk management of the Group.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed "9. Qualification and consent of expert" in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Suite 2201, 22/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours on any business day from the date of this prospectus up to and including Monday, 14 December 2020 (being not less than 14 days):

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 March 2018, 2019 and 2020;
- (c) the first quarterly report of the Company for the three months ended 30 June 2020;

- (d) the interim report of the Company for the six months ended 30 September 2020;
- (e) the accountants' report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (f) the material contracts referred to in the paragraph headed "8. Material contracts" of this appendix;
- (g) the written consent referred to in paragraph headed "9. Qualification and consent of Expert" of this appendix;
- (h) the circular of the Company dated 30 September 2020 in relation to the purchase of scaffolding equipment;
- (i) the Circular; and
- (j) the Prospectus Documents.

17. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) In the event of any inconsistency, the English texts of this prospectus and the accompanying PAL shall prevail over their respective Chinese texts.