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## **Royal Century Resources Holdings Limited**

**仁德資源控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 8125)**

### **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **Financial Adviser to the Company**



#### **Placing Agent**



#### **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

On 17 January 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 37,627,200 Placing Shares at the Placing Price of HK\$0.201 per Placing Share to not less than six Placees who and whose ultimate beneficial owner(s) are Independent Third Parties.

A maximum of 37,627,200 Placing Shares under the Placing represent (i) 20% of the existing issued share capital of the Company of 188,136,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company of 225,763,200 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company prior to the Completion.

The Placing Price of HK\$0.201 per Placing Share represents (i) a discount of approximately 16.6% to the closing price of HK\$0.241 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.9% to the average closing price of approximately HK\$0.251 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$7.6 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$7.4 million.

### **SPECIFIC MANDATE**

The allotment and issue of the Placing Shares will be made under the Specific Mandate subject to the Shareholders' approval at the EGM.

### **EGM**

The EGM will be held and convened for the purpose of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder, including the proposed grant of the Specific Mandate.

### **GENERAL**

A circular, containing, among other matters, further details of the Placing Agreement, the proposed grant of the Specific Mandate together with a notice convening the EGM to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder, including the proposed grant of the Specific Mandate will be dispatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

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

## **THE PLACING AGREEMENT**

### **Date**

17 January 2024 (after trading hours)

### **Parties**

Issuer: the Company

Placing Agent: Space Securities Limited

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

## **PRINCIPAL TERMS OF THE PLACING AGREEMENT**

The principal terms of the Placing Agreement are summarised below:

### **Placing Shares**

As at the date of this announcement, the Company has 188,136,000 Shares in issue. Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 37,627,200 Placing Shares represent (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company of 225,763,200 Shares as enlarged by the allotment and issue of the Placing Shares.

### **Placing Price**

The price of HK\$0.201 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- i. a discount of approximately 16.6% to the closing price of HK\$0.241 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- ii. a discount of approximately 19.9% to the average closing price of HK\$0.251 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement;

- iii. a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 3.3%, represented by the theoretical diluted price of approximately HK\$0.243 per Share to the benchmarked price of approximately HK\$0.251 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the date of this announcement of HK\$0.241 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement of HK\$0.251 per Share); and
- iv. a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the Rights Issue represented by a discount of approximately 16.7%, represented by the cumulative theoretical diluted price of approximately HK\$0.237 per Share to the theoretical benchmarked price of HK\$0.285 per Share in respect of the Rights Issue (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of the Rights Issue, being HK\$0.285 per Share).

### **Placing Commission**

The Placing Agent will receive a placing commission of 1% of the aggregate amount equivalent to the Placing Price multiplied by the actual number of the Placing Shares being placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

### **Placees**

The Placing Agent has conditionally agreed with the Company to place a maximum of 37,627,200 Placing Shares on a best effort basis to not less than six Placees whom and whose ultimate beneficial owners will be Independent Third Parties and are not connected persons and persons acting in concert of the Company (as defined in the Takeovers Code). The Placees shall be individual, institutional or professional investors. Upon Completion, it is expected that none of the Placees nor their associates will become a substantial Shareholder. If any of the Placees or their associates will become a substantial Shareholder after Completion, further announcement will be made by the Company.

### **Ranking of the Placing Shares**

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

### **Specific Mandate to issue the Placing Shares**

The allotment and issue of the Placing Shares will be made under the Specific Mandate subject to the Shareholders' approval at the EGM.

## **Application for listing**

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the fulfillment of all of the following:

1. the passing of necessary resolution(s) by the Shareholders, who are entitled to vote and not required to abstain from voting under the GEM Listing Rules and other applicable laws and regulations, to approve the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate;
2. the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares; and
3. any other approval as may be required by applicable laws or regulations for the Placing.

If the foregoing conditions are not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and the Placing will not proceed and all obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach.

## **Completion**

The Completion shall take place on a date falling within three (3) Business Days after the fulfillment of the conditions set out above are satisfied (or such later date as may be agreed in writing between the parties to the Placing Agreement).

## **Termination of the Placing Agreement**

If at any time between the execution of the Placing Agreement and at 8:00 a.m. on the Completion Date, there occurs:

- (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations (or the judicial interpretation thereof) which is or is likely to be materially adverse to the financial position, business affairs, prospects, profits, losses or the financial or trading position or performance of any member of the Group and the success of the Placing, or makes or is likely to make it impracticable to proceed therewith; or

- (ii) any event, or series of events in the nature of force majeure (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong, PRC, the United Kingdom, the European Union or the United States, or the declaration by Hong Kong, PRC, the United Kingdom, the European Union or the United States of war or a state of emergency or calamity or crisis; or
- (iii) any change or development in local, national or international financial, political, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) which is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable to proceed therewith; or
- (iv) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Completion Date; or
- (v) any temporary suspension of the Shares on the Stock Exchange (but excluding any suspension pending the approval of the press announcement or any other announcement relating to the transactions contemplated by the Placing Agreement) before the Completion Date; or

there has come to the notice of the Placing Agent:

- (i) any material breach of the representations, warranties and undertakings set out in the Placing Agreement by the Company (or, in the case of any such representations, warranties and undertakings which are not qualified by materiality, any breach of any of such representations, warranties and undertakings in any material respect); or
- (ii) any material breach of the obligations imposed upon the Company; or
- (iii) any of the representations, warranties and undertakings set out in the Placing Agreement would be untrue or inaccurate or misleading in any material respect if given at that time; or
- (iv) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8:00 a.m. (Hong Kong time) on the Completion Date.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) the provision of fitting out and engineering, design and procurement of furnishings and related products services (the “**Engineering Business**”); (ii) the leasing of construction equipment (the “**Leasing Business**”); (iii) the sourcing and merchandising of fine and rare wines; and (iv) the provision of financial services comprising securities and money lending businesses.

Assuming the maximum 37,627,200 Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses) are estimated to be approximately HK\$7.6 million and HK\$7.4 million respectively. The Company intends to apply (i) approximately HK\$6.6 million (representing approximately 89% of the net proceeds from the Placing) as working capital for the Engineering Business and the Leasing Business to accommodate the anticipated increase in demand for these two business segments; and (ii) approximately HK\$0.8 million (representing approximately 11% of the net proceeds from the Placing) for general working capital of the Group.

The Engineering Business provides design, fitting out and engineering services to contractors in both private and public sectors who are involved in a variety of construction projects such as public housing maintenance and improvement as well as vacant flat refurbishment. As disclosed in the Company’s 2023/2024 interim report, the revenue generated from this business segment recorded a decrease of approximately HK\$0.3 million from the previous accounting period to approximately HK\$20.4 million for the six months ended 30 September 2023. On the other hand, for the same period, income from the Leasing Business increased by approximately HK\$3.3 million to approximately HK\$7.2 million due to the increase in the leasing of scaffolding equipment as a result of a higher lease-out rate as well as the increase in the average rental price of the scaffolding equipment for the current period when compared with that of the last corresponding period. As the construction industry in Hong Kong continues to recover, the construction projects under Engineering Business and the Leasing Business increased. The Company believes that the net proceeds will provide extra working capital for new projects of the Group and ultimately strengthen the financial performance and position of the Group.

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

The Board considers that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing Price and the placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
15 September 2023	Rights issue on the basis of five (5) rights shares of the Company for every one (1) share of the Company held by issuing 156,780,000 rights share of the Company at the subscription price of HK\$0.23 per rights share of the Company	Approximately HK\$35 million	<ul style="list-style-type: none"> <li>(i) approximately HK\$20 million for the development and expansion of the securities business;</li> <li>(ii) approximately HK\$10 million as working capital for the Engineering Business and the Leasing Business; and</li> <li>(iii) approximately HK\$5 million for general corporate and administrative expenses.</li> </ul>	<ul style="list-style-type: none"> <li>(i) approximately HK\$0.1 million for the development and expansion of the securities business;</li> <li>(ii) approximately HK\$10 million as working capital for the Engineering Business and the Leasing Business; and</li> <li>(iii) approximately HK\$1.1 million for general corporate and administrative expenses.</li> </ul>



## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion assuming all the Placing Shares are placed and there is no other change in the shareholding structure of the Company before Completion:

Shareholders	As at the date of this announcement		Immediately following the Completion (assuming all the Placing Shares are placed)	
	No. of Shares	Approximate% of Shares in issue	No. of Shares	Approximate% of Shares in issue
ChaoShang	55,465,920	29.48	55,465,920	24.57
<i>Public Shareholders</i>				
Placees	–	–	37,627,200	16.67
Other public Shareholders	132,670,080	70.52	132,670,080	58.76
<b>Total</b>	<b>188,136,000</b>	<b>100.00</b>	<b>225,763,200</b>	<b>100.00</b>

## EGM

The EGM will be held and convened for the purpose of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder, including the proposed grant of the Specific Mandate.

## GENERAL

A circular, containing, among other matters, further details of the Placing Agreement, the proposed grant of the Specific Mandate together with a notice convening the EGM to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder, including the proposed grant of the Specific Mandate will be dispatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

**Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior to the conditions precedent in the Placing Agreement being fulfilled. Shareholders and potential investors should note that the Placing is also subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms in this announcement shall have the following meanings:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means any day (excluding on Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“ChaoShang”	Hong Kong ChaoShang Group Limited, a shareholder of the Company
“Company”	Royal Century Resources Holdings Limited (仁德資源控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8125)
“Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	within three (3) Business Days after the fulfillment of the conditions of the Placing (or such later date as the Company and the Placing Agent may otherwise agree in writing)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, among others, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Placing Shares
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited as amended from time to time

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with, and not acting in concert (as defined under the Takeovers Code) with the Company and its connected persons
“Long Stop Date”	18 April 2024 (or such later date as may be agreed between the Placing Agent and the Company)
“Placee(s)”	any individuals, corporate, institutional investors or other investors who are Independent Third Parties, procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the proposed placing of the Placing Shares, on a best effort basis, to be allotted and issued pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Space Securities Limited, a company incorporated under the laws of Hong Kong and a licensed corporation with the SFC to carry out type 1 (dealing in securities) regulated activity under the SFO in Hong Kong
“Placing Agreement”	the conditional placing agreement dated 17 January 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.201 per Placing Share
“Placing Share(s)”	a maximum up to 37,627,200 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Rights Issue”	the allotment and issue of 156,780,000 rights Shares completed on 13 December 2023
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of the Company
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM to authorise the Directors to allot and issue a maximum of 37,627,200 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Code on Takeover and Mergers and Share Buy-backs of Hong Kong
“%”	per cent.

By order of the Board  
**Royal Century Resources Holdings Limited**  
**Yau Yan Yuen**  
*Executive Director & Company Secretary*

Hong Kong, 17 January 2024

*As at the date of this announcement, the executive Directors are Mr. Chan Chi Yuen, Mr. Wang Jun and Mr. Yau Yan Yuen; and the independent non-executive Directors are Mr. Wu Zhao, Ms. Tsang Hau Wai and Mr. Li Ka Chun Gordon.*

*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of 7 days from the date of its publication and on the Company’s website at [www.royalcentury.hk](http://www.royalcentury.hk).*