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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Royal Century Resources Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for any securities of the Company.

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## Royal Century Resources Holdings Limited

仁德資源控股有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 8125)**

- (1) PROPOSED SHARE CONSOLIDATION;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE (3) RIGHTS SHARES FOR EVERY  
ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS;  
(3) THE PROPOSED CHANGE OF COMPANY NAME;  
AND  
(4) NOTICE OF GM**

**Financial Adviser to  
the Company**

**ADVENT**  
宏智融資  
Advent Corporate Finance Limited

**Placing Agent  
to the Company**

**ADVENT**  
宏智證券(香港)  
Advent Securities (Hong Kong) Limited

**Independent Financial Adviser  
to the Independent Board  
Committee and Independent  
Shareholders**

**RaffAello**  
CAPITAL LIMITED

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

A letter from the Board is set out on pages 11 to 37 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 38 to 39 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 40 to 65 of this circular.

A notice convening the GM to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Monday, 17 February 2025 at 11:00 a.m. or any adjournment thereof is set out on pages GM-1 to GM-4 of this circular. A form of proxy for use at the GM is enclosed with this circular. Whether or not you are able to attend and vote at the GM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Share Registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event no less than 48 hours before the time appointed for holding the GM (i.e. Friday, 14 February 2025 at 11:00 a.m.) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the GM or any adjournment thereof should you so wish and, in such event, the instrument appointing the proxy shall be deemed to be revoked.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placées under the Unsubscribed Arrangements. The Placing Shares which are not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

27 January 2025

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## CHARACTERISTICS OF GEM

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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

“Announcements”	the announcement dated 13 December 2024 in relation to, among other things, the Share Consolidation, the Rights Issue and the Placing and the announcement dated 23 December 2024 in relation to, among other things, the proposed Change of Company Name
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday, a public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Change of Company Name”	the proposed change of the English name of the Company from “Royal Century Resources Holdings Limited” to “China New Holdings Limited” and the Chinese name of the Company from “仁德資源控股有限公司” to “中新控股有限公司”
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Royal Century Resources Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consolidated Shares”	ordinary shares of the Company immediately after the Share Consolidation becoming effective
“Directors”	the directors of the Company

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## DEFINITIONS

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“ES Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that have not been sold by the Company
“Excluded Shareholders”	those Overseas Shareholders whom the Rights Shares are not offered
“Existing Shares”	ordinary shares of the Company before the Share Consolidation becoming effective
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GM”	the general meeting of the Company to be convened and held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Monday, 17 February 2025 at 11:00 a.m. (or any adjournment thereof) to consider and approve the Share Consolidation, the Rights Issue and the Change of Company Name
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors and is established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	RaffAello Capital 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
“Independent Shareholders”	Shareholders other than (i) all executive Directors and their respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the GEM Listing Rules to abstain from voting at the GM

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## DEFINITIONS

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“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and connected person(s) of the Company
“Last Trading Day”	13 December 2024, being the last full trading day before the publication of the announcement in respect of the Rights Issue
“Latest Practicable Date”	23 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Latest Time for Acceptance”	4:00 p.m. on Monday, 17 March 2025, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Placing Shares placed by the Placing Agent
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action Shareholders”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or such persons who are holders of Nil Paid Rights at the time such Nil Paid Rights lapse
“Overseas Shareholders”	the Shareholders (whose names appears on the register of members of the Company at the close of business on the Record Date) with registered addresses outside Hong Kong
“PALs”	the provisional allotment letters to be issued to the Qualifying Shareholders
“Placees”	individuals, corporate, institutional investors or other investors, procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement

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## DEFINITIONS

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“Placing”	arrangements to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Advent Securities (Hong Kong) Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company to place the Placing Shares under the Unsubscribed Arrangements
“Placing Agreement”	the placing agreement dated 13 December 2024 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
“Placing Shares”	the Unsubscribed Rights Shares and the ES Unsold Rights Shares
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Monday, 3 March 2025 or such other date as the Company may determine, being the date on which the Prospectus Documents are made available and/or despatched (as the case may be) to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date

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## DEFINITIONS

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“Record Date”	Friday, 28 February 2025 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Rights Issue”	the issue of the Rights Shares by way of rights on the basis of three Rights Shares for every one Consolidated Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Shares”	up to 135,457,920 new Consolidated Shares to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	the Existing Shares and/or Consolidated Shares, as the case may be
“Share Consolidation”	the consolidation of every five issued Existing Shares into one Consolidated Share
“Shareholders”	holders of the Shares
“Share Registrar”	Tricor Investor Services Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.289 per Rights Share under the Rights Issue
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are Independent Third Parties pursuant to Rule 10.31(1)(b) of the GEM Listing Rules
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent



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## EXPECTED TIMETABLE

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*Set out below is the expected timetable for the Share Consolidation and the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Share Consolidation and Rights Issue will be fulfilled:*

<b>Event</b>	<b>2025</b>
Latest time and date for lodging transfers document in order to qualify for attendance and voting at the GM . . . . .	4:30 p.m. on Monday, 10 February
Closure of register of members of the Company for attending the GM (both days inclusive) . . . . .	Tuesday, 11 February to Monday, 17 February
Latest time and date for lodging proxy form for the GM . . . . .	11:00 a.m. on Friday, 14 February
Record date for determining attendance and voting at the GM . . . . .	Monday, 17 February
GM . . . . .	11:00 a.m. on Monday, 17 February
Announcement of poll results of the GM . . . . .	Monday, 17 February
Register of members of the Company re-opens . . . . .	Tuesday, 18 February
<b>The following events are conditional on the fulfilment of the conditions relating to the implementation of the Share Consolidation and the Rights Issue and therefore the dates are tentative only.</b>	
Effective date for the Share Consolidation . . . . .	Wednesday, 19 February
Commencement of dealing in the Consolidated Shares . . . . .	9:00 a.m. on Wednesday, 19 February
Original counter for trading in the Existing Shares in board lot of 8,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Wednesday, 19 February

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## EXPECTED TIMETABLE

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Event	2025
Temporary counter for trading in the Consolidated Shares in board lot of 1,600 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Wednesday, 19 February
First day of free exchange of existing share certificates for new share certificate for Consolidated Shares commences . . . . .	Wednesday, 19 February
Last day of dealing in the Consolidated Shares on a cum-rights basis . . .	Wednesday, 19 February
First day of dealing in the Consolidated Shares on an ex-rights basis . . . .	Thursday, 20 February
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Friday, 21 February
Closure of register of members of the Company for the Rights Issue (both dates inclusive) . . . . .	Monday, 24 February to Friday, 28 February
Record Date for determining entitlements to the Rights Issue . . . . .	Friday, 28 February
Register of members of the Company re-opens . . . . .	Monday, 3 March
Prospectus Documents are made available and/or despatched (as the case may be) to the Qualifying Shareholders (in the case of the Excluded Shareholders, the Prospectus only) . . . . .	Monday, 3 March
First day of dealings in nil-paid Rights Shares in board lot of 8,000 nil-paid Rights Shares . . . . .	Wednesday, 5 March
Original counter for trading in the Consolidated Shares in board lot of 8,000 Consolidated Shares (in the form of new share certificates) re-opens . . . . .	9:00 a.m. on Wednesday, 5 March
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. on Wednesday, 5 March
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	9:00 a.m. on Wednesday, 5 March

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## EXPECTED TIMETABLE

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Event	2025
Latest time for splitting PAL . . . . .	4:30 p.m. on Friday, 7 March
Last day of dealings in nil-paid Rights Shares . . . . .	Wednesday, 12 March
Latest time for acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Monday, 17 March
Announcement of the number of the Placing Shares subject to the Unsubscribed Arrangements . . . . .	Tuesday, 18 March
Commencement of placing of the Placing Shares by the Placing Agent . . . .	Monday, 24 March
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	4:00 p.m. on Tuesday, 25 March
Temporary counter for trading in the Consolidated Shares in board lots of 1,600 Consolidated Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Tuesday, 25 March
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends . . . . .	4:10 p.m. on Tuesday, 25 March
Last day for free exchange of existing share certificates of Existing Shares for new share certificates of Consolidated Shares . . . . .	Thursday, 27 March
Latest time of placing of the Placing Shares by the Placing Agent . . . . .	6:00 p.m. on Monday, 31 March
Last day for the Rights Issue and placing of the Placing Shares to become unconditional . . . . .	Tuesday, 1 April
Announcement of results of the Rights Issue (including results of the placing of the Placing Shares and the amount of the Net Gain per Placing Share under the Unsubscribed Arrangements) . . . . .	Wednesday, 9 April

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## EXPECTED TIMETABLE

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Event	2025
Refund cheques to be despatched (if the Rights Issue does not proceed) . . . . .	Thursday, 10 April
Certificates for fully-paid Rights Shares to be despatched . . . . .	Thursday, 10 April
Expected commencement of dealings in fully-paid Rights Shares in board lot of 8,000 fully-paid Rights Shares . . . . .	9:00 a.m. on Friday, 11 April
Payment of Net Gain to relevant No Action Shareholders or Excluded Shareholders . . . . .	Friday, 25 April

All times and dates in this circular refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this circular are indicative only and may be extended or varied by the Company. Any change to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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## EXPECTED TIMETABLE

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### **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 there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons announced by the government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 17 March 2025. Instead 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) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 17 March 2025. Instead 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 does not take place on the currently scheduled date, the dates mentioned in the “Expected timetable” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. Miao Xianliu

Mr. Law Hok Yu

Ms. Ma Man Chi

Mr. Wang Jun

*Registered office:*

Suite 2201, 22/F.

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

*Independent non-executive Directors:*

Ms. Tsang Hau Wai

Mr. Li Ka Chun Gordon

Ms. Chan Wai Yan

27 January 2025

*To the Qualifying Shareholders, and for information only, to the Excluded Shareholders*

Dear Sir or Madam,

- (1) PROPOSED SHARE CONSOLIDATION;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE (3) RIGHTS SHARES FOR EVERY  
ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS;  
(3) PROPOSED CHANGE OF COMPANY NAME;  
AND  
(4) NOTICE OF GM**

**INTRODUCTION**

Reference is made to the Announcements. The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, Change of Company Name and the Rights Issue; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter from the Independent

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## LETTER FROM THE BOARD

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Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the GM.

### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five issued Existing Shares be consolidated into one Consolidated Share.

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

As at the Latest Practicable Date, there are 225,763,200 Existing Shares in issue. Assuming there will be no change in the number of issued Existing Shares from the Latest Practicable Date up to the effective date of the Share Consolidation, there will be 45,152,640 Consolidated Shares in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

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

#### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions:

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

#### **Listing application**

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

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## LETTER FROM THE BOARD

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Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by the HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by the 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 HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

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

### **OTHER ARRANGEMENTS**

#### **Fractional entitlement to Consolidated Shares**

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

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

#### **Odd lots trading arrangement**

To facilitate the trading of odd lots of the Consolidated Shares, the Company has appointed Advent Securities (Hong Kong) Limited as an agent to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Wednesday, 5 March 2025 to 4:00 p.m. on Tuesday, 25 March 2025. Shareholders who wish to take advantage of this facility should contact Mr. Cho Pak Keung of Advent Securities (Hong Kong) Limited at (852) 2510 0603 during such period.



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## LETTER FROM THE BOARD

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

**Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lot arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 19 February 2025, Shareholders may, on or after Wednesday, 19 February 2025 and until Thursday, 27 March 2025 (both days inclusive) and during business hours, submit their existing share certificates in gold colour for the Existing Shares to the Share Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong in exchange for new share certificates in red colour for the Consolidated Shares at the expenses of the Company.

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

After 4:10 p.m. on Tuesday, 25 March 2025, trading will only be in Consolidated Shares and existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares on the basis of five Existing Shares for one Consolidated Share at any time but will cease to be valid for delivery, trading, registration and settlement purposes.

### **NO CHANGE IN BOARD LOT SIZE**

The existing board lot of 8,000 Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.078 per Existing Share was HK\$624 as at the Latest Practicable Date. Upon the Share Consolidation becoming effective, the expected value of each board lot of 8,000 Consolidated Shares, based solely on the closing price of HK\$0.078 per Existing Share (equivalent to the theoretical closing price of HK\$0.39 per Consolidated Share) as at the Latest Practicable Date, is expected to be HK\$3,120.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated on 1 October 2020) has further stated that (i) market price of the Existing Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Over the past ten months, the existing board lot value of the Company has been less than HK\$2,000 and the Existing Shares has been trading at a closing price below HK\$0.1 since 8 November 2024. The Board considers that the proposed Share Consolidation, resulting in a theoretical value of HK\$0.39 per Consolidated Share (based on the closing price of HK\$0.078 per Existing Share as at the Latest Practicable Date), would enable the Company to avoid non-compliance with the trading requirements under the GEM Listing Rules. In addition, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the GEM Listing Rules, but would also attract more investors and hence broaden the shareholder base of the Company.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may otherwise be entitled.

In view of the above, the Board considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

### Other corporate actions and fundraising activities in the next twelve months

As at the Latest Practicable Date, save for the proposed Rights Issue, (i) the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation; and (ii) the Company currently does not have any plan to conduct any equity fundraising activities in the next 12 months after completion of the Rights Issue. However, if there shall arise any change of the Group’s current circumstances and existing business plans and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fundraising exercises to support such future developments of the Group. The Company will make further announcements in this regard in accordance with the GEM Listing Rules as and when appropriate.

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## LETTER FROM THE BOARD

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### PROPOSED RIGHTS ISSUE

The Company proposes the Rights Issue, details of which are summarised below:

#### Issue statistics

Assuming no further change in the number of issued Existing Shares on or before the effective date of the Share Consolidation and the Record Date:

Basis of Rights Issue	:	Three Rights Shares for every one Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.289 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	225,763,200 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	45,152,640 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 135,457,920 Rights Shares
Number of Consolidated Shares in issue immediately upon completion of the Rights Issue	:	Up to 180,610,560 Consolidated Shares
Maximum funds raised before expenses	:	Up to HK\$39.1 million (assuming all the Rights Shares will be taken up)

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. The 135,457,920 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) 75% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

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## LETTER FROM THE BOARD

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### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placées under the Unsubscribed Arrangements. The Placing Shares which remain not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

### **Subscription Price**

The Subscription Price of HK\$0.289 per Rights Share is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares or when transferees of nil-paid Rights Shares accept the provisional allotment of the relevant Rights Shares. Assuming that all the Rights Shares are fully subscribed, the net price per Rights Share is estimated to be HK\$0.271.

The Subscription Price represents:

- (i) a discount of approximately 25.90% to the theoretical closing price of HK\$0.39 per Consolidated Share based on the closing price of HK\$0.078 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 23.95% to the theoretical closing price of HK\$0.38 per Consolidated Share based on the closing price of HK\$0.076 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of 22.10% to the theoretical average closing price of HK\$0.371 per Consolidated Share based on the average closing price of HK\$0.0742 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (iv) a discount of 7.30% to the theoretical ex-rights price of HK\$0.31175 per Consolidated Share based on the closing price of HK\$0.076 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of the Rights Issue of a discount of approximately 17.96%, represented by the theoretical diluted price of approximately HK\$0.31175 to the theoretical benchmarked price of HK\$0.38 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the closing price on the Last Trading Day of HK\$0.076 per Existing Shares; and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the announcement in relation to, among other things, the Share Consolidation, Rights Issue and Placing of approximately HK\$0.0742 per Existing Shares;
- (vi) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of the Rights Issue in aggregation with the placing under specific mandate announced on 17 January 2024 represented by a discount of approximately 18.73%, represented by the cumulative theoretical diluted price of approximately HK\$0.204 per Share to the theoretical benchmarked price of HK\$0.251 per Share in respect of the placing and Rights Issue (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of the placing and the Rights Issue, being HK\$0.251 per Share); and
- (vii) a discount of 82.69% to the unaudited net asset value per Consolidated Share of HK\$1.67 (based on the consolidated net asset value of the Group of HK\$75.38 million as at 30 September 2024 and 45,152,640 Consolidated Shares in issue upon the Share Consolidation becoming effective).

The Subscription Price was determined with reference to (i) the market price of the Existing Shares under the prevailing market conditions and the impact of the Share Consolidation; (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the cautious investment sentiment in Hong Kong as a result of economic uncertainties; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for and benefits of the Rights Issue and use of proceeds as detailed in this circular.

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## LETTER FROM THE BOARD

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As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors) consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

When determining the Subscription Price, the Directors have considered, among other things, the closing prices of the Shares traded on the Stock Exchange from 14 November 2024 to 13 December 2024, being the past month prior to and including the Last Trading Day (the “**Review Period**”), as a benchmark to reflect the prevailing market conditions and recent market sentiment.

During the Review Period, the closing prices of the Shares on the Stock Exchange ranged from HK\$0.066 per Share to HK\$0.092 per Share, with the average closing price during the Review Period being around HK\$0.072 per Share. The Directors noted that there was a general downward trend of the closing prices of the Shares on the Stock Exchange during the Review Period. The Directors are of the view that the share price movement during the Review Period may reflect the market sentiment following the Company’s recent announcement, including but not limited to the Company’s interim results for the six months ended 30 September 2024. Additionally, the Board is not currently aware of any specific reasons that may have contributed to the significant price fluctuations during the Review Period. Therefore, the Board considers the Review Period to be sufficient in illustrating the share price performance for the purpose of conducting a reasonable comparison between the closing price of the Shares and the relevant issue price.

Furthermore, the latest unaudited consolidated net asset value of the Group amount to approximately HK\$75.38 million as of 30 September 2024. The Directors observed that the market capitalisation of the Group consistently fell considerably short of its net asset value during the Review Period, where the market capitalisation of the Group during the Review Period ranged from approximately HK\$14.90 million to approximately HK\$20.77 million, which represented a discount of approximately 80.23% and 72.45% respectively to the unaudited consolidated net asset value attributable to the Shareholders. This substantial disparity reflects a lack of market confidence in the Group’s financial performance, position, and future prospects. As a result, the market value of the Shares no longer accurately reflects the underlying net asset value.

The Directors have taken into account various factors while deciding on the Subscription Price despite it being lower than the average closing price per Share and the high end of the closing price per Share during the Review Period. The Directors considered the challenge of raising funds through equity due to (i) the Shares’ recent market performance, which has been in a downward trend; (ii) the current market sentiment of the shares of listed companies in Hong Kong.

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## LETTER FROM THE BOARD

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Given these factors, only a discounted price of the Shares would be attractive to the Qualifying Shareholders to participate in the Rights Issue, enabling the Company to raise sufficient capital.

The Company has also exhaustively conducted a search of recent proposed rights issue exercises, announced by the companies listed on the GEM of the Stock Exchange within the six months prior to the Last Trading Day to understand the trend of the recent market practice regarding rights issue exercises. The Company has identified a total of 12 rights issue comparables (the “**Comparables**”) during the respective period.

Although the Comparables include rights issues in different scale, engaged in different business or have different financial performance and funding needs from the Company, having considered (i) all of the Comparables and the Group are listed on the GEM of the Stock Exchange; (ii) including transactions conducted by the Comparables with different funding needs and business represents a more comprehensive overall market sentiment in our comparable analysis; (iii) the respective period for the selection of the Comparables has generated a reasonable and meaningful number of sample size of 12 Hong Kong listed issuers to reflect the market practice regarding recent rights issue; and (iv) the 12 Comparables identified during the aforementioned period were exhaustively included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for rights issue conducted by other Hong Kong listed issuers in the Main Board of the Stock Exchange, the Company consider that the Comparables are fair and representative samples.

Details of 12 Comparables are set out below:

Stock Code	Company Name	Placing Commission	Discount to net asset value per share (%)	Theoretical dilution effect (%)
8007	Global Strategic Group Limited	N/A <sup>1</sup>	91.6	11.3
8087	China 33 Media Group Limited	1.5%	55.62	5.12
8113	V & V Technology Holdings Limited	N/A <sup>1</sup>	32.23	10.5
8179	Palinda Group Holdings Limited	N/A <sup>1</sup>	66.1	6.23
8365	Hatcher Group Limited	0.0%	94.1	23.6
8275	China New Consumption Group Limited	3.5%	61.09	2.47
8223	Ziyuanyuan Holdings Group Limited	N/A <sup>1</sup>	36.38	11.09
8072	Roma (Meta) Group Limited	1.25%	97.23	18.18
8326	Tonking New Energy Group Holdings Limited	1.0%	69.7	11.76
8153	Jiading International Group Holdings Limited	3.0%	91.67	12.5

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## LETTER FROM THE BOARD

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Stock Code	Company Name	Placing Commission	Discount to net asset value per share (%)	Theoretical dilution effect (%)
8219	Hanvey Group Holdings Limited	3.5%	7.4	19.8
8537	Chong Fai Jewellery Group Holdings Company Limited	1.0%	87.4	24.6
<b>Average</b>		1.84%	65.88	13.10

*Note:*

1. No placing commission was incurred as there was no placing involved in the respective rights issue and the transactions contemplated thereunder.

The theoretical dilution effect of the Rights Issue is approximately 17.96% and the Company note that the theoretical dilution effect of the Comparables ranged from approximately 2.47% to 24.60%, with an average of approximately 13.10%. The theoretical dilution effect of the Rights Issue is within the range of that of the Comparables. The discount to net asset value per share of the Rights Issue is approximately 82.69% and the Company also noted that the discount to net asset value per share of the Comparables ranged from approximately 7.4% to 97.23%, with an average of approximately 65.88%. The discount to net asset value per share of the Rights Issue is within the range of that of the Comparables.

Given the above, the Board considers that the terms of the Rights Issue and the transactions contemplated thereunder, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Undertakings**

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue as at the Latest Practicable Date.



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## LETTER FROM THE BOARD

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### **Basis of provisional allotment**

The basis of the provisional allotment shall be three Rights Shares for every one Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date. The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date. In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the relevant documents for transfer of Shares (with the relevant share certificates) with the Share Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 21 February 2025.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. For Shareholders whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Share Registrar for registration no later than 4:30 p.m. on Friday, 21 February 2025.

The last day of dealings in the Consolidated Shares on a cum-rights basis is Wednesday, 19 February 2025. The Consolidated Shares will be dealt with on an ex-rights basis from Thursday, 20 February 2025. If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Rights of Overseas Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue. Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

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## LETTER FROM THE BOARD

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Based on the register of members of the Company, there is no Overseas Shareholder as at the Latest Practicable Date. If there is any Overseas Shareholder on the Record Date, the Company will make enquiries pursuant to Rule 17.41(1) of the GEM Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If it is in the opinion of the Board that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholders from the Rights Issue, no Rights Share (whether in nil paid or fully-paid form) will be offered to such Overseas Shareholders. The basis for excluding the Excluded Shareholders from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send any PAL to them. The Company reserves the right to treat as invalid any acceptance of or application 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, Excluded Shareholders should exercise caution when dealing in the Shares. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. In view of the administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

All ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing. For the nil-paid Rights Shares that are sold as described above but the buyers of such nil-paid Rights Shares do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Unsubscribed Arrangements. Any ES Unsold Rights Shares and Unsubscribed Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

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## LETTER FROM THE BOARD

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### **Fractional entitlement to the Rights Shares**

On the basis of provisional allotment of three Rights Shares for every one Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlement to the Rights Shares will arise under the Rights Issue.

### **Unsubscribed Arrangements**

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Placing Shares by offering the Placing Shares to independent Placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue. There will be no excess application arrangement in relation to the Rights Issue.

The Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to independent Placees on a best effort basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Monday, 31 March 2025, acquirers for all (or as many as possible) of those Placing Shares. Any premium over the Subscription Price and the expenses of procuring such acquirers (including commission and other related expenses/fees) that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. All Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Placing Shares) to the No Action Shareholders and the Excluded 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 (ii) 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 holders of those nil-paid rights in CCASS (unless that they are covered by (iii) below);
- (iii) where the Rights Issue is extended to the Overseas Shareholders and whose entitlements to the Rights Shares were not taken up, to such Overseas Shareholders.

It is proposed that Net Gain of HK\$100 or more to the individual No Action Shareholder mentioned in (i) to (iii) above will be paid to them in Hong Kong Dollars only and the Company will retain individual amount of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

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## LETTER FROM THE BOARD

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### PLACING AGREEMENT

On 13 December 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. Details of the Placing are as follows:

- Date : 13 December 2024
- Parties : (i) the Company, as issuer; and  
(ii) the Placing Agent
- Placing Agent : Advent Securities (Hong Kong) Limited, appointed as the Placing Agent to place the Placing Shares on a best effort basis. The Placing Agent has confirmed that it is an Independent Third Party.
- Fees and expenses : 2.0% of the amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
- Placing price of the Placing Shares : The placing price of the Placing Shares shall be at least equal to the Subscription Price. The final price is dependent on the demand and market conditions of the Placing Shares during the process of placement.
- Placees : The individuals, corporate, institutional investors or other investors procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares.
- Ranking of the Placing Shares : The Placing Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

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## LETTER FROM THE BOARD

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Termination : The Placing shall end on Monday, 31 March 2025 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Conditions precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Shareholders (including the Independent Shareholders) at the GM of the necessary resolutions to approve the Share Consolidation and the Rights Issue;
- (ii) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares (including the Placing Shares);

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## LETTER FROM THE BOARD

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- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the above conditions (other than those set out in paragraphs (i) and (ii) above) by notice in writing to the Company.

Completion : Placing completion shall take place on Tuesday, 1 April 2025 or such other date as the Company and the Placing Agent may agree in writing.

The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the public float requirements under the GEM Listing Rules immediately following the Placing. The Company will continue to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

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## LETTER FROM THE BOARD

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The engagement between the Company and the Placing Agent for the placing of the Placing Shares was determined after arm's length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the Comparables, the existing financial position of the Group, the size of the Rights Issue and the market conditions. It is noted that the placing commission of the Comparables ranged from 0% to 3.5%, with an average of 1.84%. As such, the placing commission of 2% pursuant to the Placing Agreement falls within range and closes to the average figure. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Unsubscribed Arrangements would provide (i) a distribution channel of the Placing Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Unsubscribed Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority shareholders.

### **Application for listing**

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares shall have the same board lot size as the Shares, i.e. 8,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

### **Eligibility for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their 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 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 the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms 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 HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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## LETTER FROM THE BOARD

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### **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposal of, or dealing in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders as regards to their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It should be noted that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealing in or exercising any right in relation to the Shares or the Rights Shares.

### **Share certificates and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for all fully paid Rights Shares and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 10 April 2025.

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

The Rights Issue is conditional upon:

- (i) the passing by the Shareholders (including the Independent Shareholders) at the GM of the resolution to approve the Share Consolidation and the Rights Issue by no later than the Prospectus Posting Date;
- (ii) the Share Consolidation having become effective no later than the Prospectus Posting Date;
- (iii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);



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## LETTER FROM THE BOARD

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- (iv) the delivery to the Stock Exchange and the filing and registration with the Companies Registry in Hong Kong respectively one duly certified copy of each of the Prospectus and the PAL (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders for information purpose only by the Prospectus Posting Date; and
- (vi) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As the Rights Issue is subject to the above conditions, it may or may not proceed.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 February 2025 to Friday, 28 February 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

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

As at the date of this circular, the aggregated contract sum of the Group’s current projects is approximately HK\$73 million, which mainly represents the contract sum of the provision of design, fitting out and engineering services for a logistic centre in the Hong Kong International Airport from private sector contractors in Hong Kong (the “**Logistic Centre Project**”). The Group expects there will be two projects in the aggregated contract sum of approximately HK\$70 million will be commenced by first quarter of 2025, which mainly represents the contract sum of the provision of design, fitting out and engineering services from two private sector contractors in Hong Kong (the “**Forthcoming Projects**”).

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## LETTER FROM THE BOARD

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Assuming all the Rights Shares are taken up or all Placing Shares are placed to Placees, the expected gross proceeds of the Rights Issue will be up to approximately HK\$39.1 million and the relevant expenses would be approximately HK\$2.4 million, which includes placing commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue. Accordingly, the net proceeds of the Rights Issue (after deducting the related expenses) will amount to HK\$36.7 million. The Directors plan to use such proceeds as follows:

- (i) HK\$25.7 million (representing 70% of the net proceeds) to support the Group's projects, of which approximately HK\$15.0 million for the payment to contractors for the Logistic Centre Project, approximately 7.0 million for the prepayment to the subcontractors and/or supplies before the commencement of the Forthcoming Projects and approximately HK\$3.7 million for the initial start-up costs of the Forthcoming Projects;
- (ii) approximately HK\$5.9 million (representing 16% of the net proceeds) for settlement of debts including accruals, trade and other payables; and
- (iii) HK\$5.1 million (representing 14% of the net proceeds) for general working capital of the Group, of which approximately HK\$3.6 million for the staff costs for the Logistic Centre Project and the Forthcoming Projects, and approximately HK\$1.5 million for other office overhead.

As disclosed in the interim report of the Company for the six months ended 30 September 2024, the cash and bank balances of the Company as at 30 September 2024 amounted to approximately HK\$24.11 million only. The Company had trade and other payables of approximately HK\$24.18 million as current liabilities as at 30 September 2024. Therefore, the Group has an immediate need for financial resources to settle the liabilities and replenish its working capital to fund its projects. The net proceeds of the Rights Issue are intended to be used to support these projects in the manner set out in the paragraph above.

The Board has considered other alternative means of fund raising, including debt financing, placing and open offer. However, the Board notes that bank borrowings, even if available, would result in substantial interest burden, higher gearing ratio and greater liquidity pressure of the Company. As for equity fund raising (such as placing), it will lead to dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

## LETTER FROM THE BOARD

In view of the above, the Board considers that as compared to raising funds by other means, raising funds by way of the Rights Issue, which will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares, is an appropriate fund-raising method and is fair, cost effective, efficient and beneficial to the Company and its shareholders as a whole.

### SHAREHOLDING STRUCTURES

Set out below is the shareholding structure of the Company, assuming there is no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective; (iii) immediately after the Share Consolidation becoming effective and upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders; and (iv) immediately after the Share Consolidation becoming effective and upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all of the Placing Shares having been placed by Placing Agent:

		As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective		Immediately after Share Consolidation becoming effective and upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders		Immediately after Share Consolidation becoming effective and upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all of the Placing Shares having been placed by Placing Agent	
		Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Max Premier Limited	Note 1	53,888,000	23.87%	10,777,600	23.87%	43,110,400	23.87%	10,777,600	5.97%
Li Shing Kuen Alexander		44,672,000	19.79%	8,934,400	19.79%	35,737,600	19.79%	8,934,400	4.95%
Public Shareholders									
Independent Placees	Note 2	-	-	-	-	-	-	135,457,920	75.00%
Public Shareholders		<u>127,203,200</u>	<u>56.34%</u>	<u>25,440,640</u>	<u>56.34%</u>	<u>101,762,560</u>	<u>56.34%</u>	<u>25,440,640</u>	<u>14.08%</u>
		<u>225,763,200</u>	<u>100.0%</u>	<u>45,152,640</u>	<u>100.0%</u>	<u>180,610,560</u>	<u>100.0%</u>	<u>180,610,560</u>	<u>100.0%</u>

**Notes:**

- Mr. Zhao Chuanrong (“**Mr. Zhao**”) is the legal and beneficial owner of the entire issued share capital of Max Premier Limited, and thus Mr. Zhao is deemed to be interest in all the 53,888,000 Shares held by Max Premier Limited for the purpose of the SFO.
- As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Placing Shares will form part of the public float of the Company.

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## LETTER FROM THE BOARD

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### EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the placing of new shares under specific mandate completed on 23 April 2024, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this circular.

Date of initial announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this circular
17 January 2024	Placing of 37,627,200 Shares at HK\$0.201 each under Specific Mandate	HK\$7.4 million	Approximately HK\$6.6 million as working capital for the Engineering Business, approximately HK\$0.8 million for general working capital	Utilised as intended

### GEM LISTING RULES IMPLICATIONS

The Share Consolidation is conditional upon approval by the Shareholders by way of poll at the GM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholder or its associates has any interest in the Share Consolidation, no Shareholder will be required to abstain from voting in favour of the resolution approving the Share Consolidation at the GM.

As the Rights Issue will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in a general meeting by a resolution on which all controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors and their respective associates hold any Share. Accordingly, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Rights Issue at the GM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the GM, the Prospectus Documents containing further information the Rights Issue are expected to be despatched to the Qualifying Shareholders on Monday, 3 March 2025.

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## LETTER FROM THE BOARD

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Any dealing in the Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

### **PROPOSED CHANGE OF COMPANY NAME**

The Board proposes to change the English name of the Company from “Royal Century Resources Holdings Limited” to “China New Holdings Limited” and the Chinese name of the Company from “仁德資源控股有限公司” to “中新控股有限公司”.

#### **Conditions for the Change of Company Name**

The proposed Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders approving the Change of Company Name at the GM; and
- (ii) the Registrar of the Companies in Hong Kong approving the new name in English and Chinese and issuing a certificate of change of name.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect on the date of entry of the new name of the Company on the register maintained by the Registrar of Companies in Hong Kong. The Company will carry out the necessary filing procedures with the Companies Registry in Hong Kong.

#### **Reason for the Change of Company Name**

The Board considers that the Change of Company Name will better reflect the current status of the Group’s business development and its direction of future development. The Board believes that the new name can provide the Company with a more appropriate corporate image and identity which will benefit the Company’s future business development and is in the best interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Effects of the Change of Company Name**

The proposed Change of Company Name will not affect any rights of the Shareholders or the Company's daily operations or its financial position. Once the Change of Company Name has become effective, any new share certificates of the Company issued thereafter will bear the new name of the Company. However, all the existing share certificates in issue bearing the present name of the Company will, after the proposed Change of Company Name having become effective, continue to be effective and as documents of title to the shares of the Company and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates bearing the new name of the Company.

The Company will make further announcement(s) on the effective date of the Change of Company Name and the new stock short name of the Company under which the Shares will be traded on the Stock Exchange and the address of the new website of the Company and logo of the Company in due course.

### **GM**

A notice convening the GM to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Monday, 17 February 2025 at 11:00 a.m. at which ordinary resolutions will be proposed to consider and approve the Share Consolidation, the Rights Issue and the Change of Company Name is set out on pages GM-1 to GM-4 of this circular. All the resolutions to be proposed at the GM will be taken by poll and an announcement on the results of the GM will be made by the Company after the GM.

Whether or not you intend to attend the GM, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon in any event no later than Friday, 14 February 2025 at 11:00 a.m. (Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting at the GM or any adjournment thereof in person if you so wish, and in such event, the form of proxy shall be deemed to be revoked.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 11 February 2025 to Monday, 17 February 2025 (both days inclusive) for determining the entitlement for attendance and voting at the GM. No transfer of Shares will be registered during the above book closure periods.

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## LETTER FROM THE BOARD

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### DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the fulfilment of the conditions of the Rights Issue, the Prospectus Documents containing, among other matters, details of the Rights Issue, are expected to be made available on the websites of the Company (<http://www.royalcentury.hk>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on or before Monday, 3 March 2025. The Company will despatch the PAL in printed form to the Qualifying Shareholders but will not despatch the PAL to the Excluded Shareholders.

### RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the GM on the relevant resolutions. RaffAello Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on pages 38 to 39 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 40 to 65 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the terms of the Share Consolidation are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. The Directors consider that the proposed Change of Company Name is in the interests of the Company and Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Shareholders and the Independent Shareholders to vote in favour of the resolutions to be proposed at the GM.

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**LETTER FROM THE BOARD**

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**ADDITIONAL INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board  
**Royal Century Resources Holdings Limited**  
**Law Hok Yu**  
*Executive Director and Company Secretary*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholder in respect of the Rights Issue.*



### **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)**

27 January 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) PROPOSED SHARE CONSOLIDATION;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE (3) RIGHTS SHARES FOR EVERY  
ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS;  
AND  
(3) NOTICE OF GM**

We refer to the circular of the Company dated 27 January 2025 (“**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed by the Board as the members of the Independent Board Committee, to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

The Independent Financial Adviser has been appointed to advise us and Independent Shareholders in respect of the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the GM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee  
**Royal Century Resources Holdings Limited**

**Ms. Tsang Hau Wai**

**Mr. Li Ka Chun Gordon**

**Ms. Chan Wai Yan**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from RaffAello Capital Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.*



27 January 2025

*To: The Independent Board Committee and the Independent Shareholders*

Dear Sirs,

**(1) PROPOSED SHARE CONSOLIDATION;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE (3) RIGHTS SHARES FOR EVERY  
ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 27 January 2025 (the “**Circular**”) issued to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 13 December 2024 relating to, among other things, the proposed Rights Issue (the “**Announcement**”). The Board announced that the Company proposed to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.289 per Rights Share, to raise net proceeds of approximately HK\$39.15 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date), by way of the Rights Issue of up to 135,457,920 Rights Shares to the Qualifying Shareholders. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and will not be extended to the Excluded Shareholders. There will be no excess application arrangement in relation to the Rights Issue.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### GEM LISTING RULES IMPLICATIONS

The Share Consolidation is conditional upon approval by the Shareholders by way of poll at the GM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholder or its associates has any interest in the Share Consolidation, no Shareholder will be required to abstain from voting in favour of the resolution approving the Share Consolidation at the GM.

As the Rights Issue will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in a general meeting by a resolution on which all controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of Latest Practicable Date, the Company has no controlling Shareholder and none of the Directors and their respective associates hold any Share. Accordingly, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Rights Issue at the GM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the GM, the Prospectus Documents containing further information in respect of the Rights Issue are expected to be despatched to the Qualifying Shareholders on 21 February 2025.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Tsang Hau Wai, Mr. Li Ka Chun Gordon and Ms. Chan Wai Yan, has been established to advise and make recommendation to the Independent Shareholders in respect of the Rights Issue. Our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

We, RaffAello Capital Limited, as the Independent Financial Adviser, are to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Rights Issue, the Placing Agreement and the transactions contemplated thereunder was entered into in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote on the resolution in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the GM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

We did not act as a financial adviser to the Company or its subsidiaries in the last two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser.

As at the Latest Practicable Date, apart from normal professional fees payable to us in connection with this appointment, we did not have any relationship with, or interest in, the Group or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent and are eligible to give independent advice on the Rights Issue, the Placing Agreement and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders.

### BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual reports for the three years ended 31 March 2022 (“**FY2022**”) (the “**2022 Annual Report**”), 31 March 2023 (“**FY2023**”) (the “**2023 Annual Report**”) and 31 March 2024 (“**FY2024**”) (the “**2024 Annual Report**”, and collectively, the “**Annual Reports**”);
- (ii) the Company's interim reports for the six months ended 30 September 2023 (“**SEP2023**”) (the “**2023 Interim Report**”) and 30 September 2024 (“**SEP2024**”) (the “**2024 Interim Report**”);
- (iii) the Announcement; and
- (iv) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that the information and representations contained or referred to in the Circular and provided and opinions expressed to us are true, accurate and complete in all respects at the time they were made and will remain so up to the Latest Practicable Date. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth and accuracy of the information provided to us, or the reasonableness of the opinions expressed by the Management to us.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made, or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion regarding the Share Consolidation and Rights Issue, we have taken into account the following principal factors and reasons:

#### **I. Background and Financial Information of the Group**

As disclosed in the Letter from the Board, the Group is principally engaged in (i) the provision of fitting out and engineering, design and procurement of furnishings and related products services; (ii) the leasing of construction equipment; (iii) the sourcing and merchandising of fine and rare wines; and (iv) the provision of financial services comprising securities and money lending businesses. With reference to the Annual Reports, the Group has no material changes in its operations.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Set out below is a summary of the consolidated statement of profit or loss of the Group as extracted from the Annual Reports and Interim Reports:

**Table 1**

	For FY2022 HK\$'000 (Audited)	For FY2023 HK\$'000 (Audited)	For FY2024 HK\$'000 (Audited)	For SEP2023 HK\$'000 (Unaudited)	For SEP2024 HK\$'000 (Unaudited)
Revenue					
– Design, fitting out and engineering services	33,785	45,910	71,972	20,409	24,348
– Leasing of construction equipment	13,341	6,756	12,966	7,193	5,601
– Wines merchandising	9,977	2,525	2,214	1,450	–
– Financial services	557	570	451	269	135
	57,660	55,761	87,603	29,321	30,084
Loss before tax	(20,936)	(24,796)	(10,424)	(6,160)	(5,150)
Total comprehensive loss for the year	(21,074)	(24,428)	(9,772)	(6,142)	(5,484)

Set out below is a summary of the consolidated statement of financial position of the Group as extracted from the Annual Reports and Interim Reports:

**Table 2**

	As at 31 March 2022 HK\$'000 (Audited)	As at 31 March 2023 HK\$'000 (Audited)	As at 31 March 2024 HK\$'000 (Audited)	As at 30 September 2023 HK\$'000 (Unaudited)	As at 30 September 2024 HK\$'000 (Unaudited)
Bank balances and cash	6,190	5,915	45,690	6,755	24,105
Total assets	102,214	84,400	90,712	44,099	102,326
Total liabilities	(29,804)	(36,418)	(17,211)	(31,759)	(26,950)
Net assets	72,410	47,982	73,501	12,340	75,376

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(a) Annual Results of the Group for FY2023 vs FY2022**

With reference to the 2023 Annual Report and depicted in Table 1 above, the total revenue for FY2023 of the Group was approximately HK\$55.8 million (FY2022: HK\$57.7 million) which represents approximately HK\$1.9 million or 3.3% decrease as compared with last year.

During FY2023, the revenue generated from the design, fitting out and engineering services business has increased by approximately HK\$12.1 million whilst the income from the leasing of construction equipment business and the wine merchandising business has decreased by approximately HK\$6.6 million and HK\$7.5 million respectively, leaving the Group's revenue to drop by approximately HK\$1.9 million:

- (i) The increase in revenue generated from the design, fitting out and engineering services was mainly attributed to the increase in the number of works as a result of the increase in the number of public housing estates for the new 3-year term contract that was commenced from April 2022 whilst the Group continues to seek for other public sector projects as well as residential/commercial projects.
- (ii) The drop in revenue from the leasing of construction equipment was mainly due to the decrease in the lease out rate of the scaffolding equipment as a consequence of the slowdown of the local economic development/recovery due to the previous undetermined erratic development of the COVID-19 pandemic. Besides, the decrease in the related installation service works rendered by the Group also attributed to the decrease in revenue from the leasing of construction equipment business.
- (iii) The income from the wines merchandising business was decreased in line with the decrease in orders from existing customers. As mentioned last year, the reallocation of the Group's resources which focuses on the design, fitting out and engineering services and the leasing of construction equipment businesses also attributes to such decrease.
- (iv) The revenue from the financial services business was maintained at a moderate level and was approximately the same as last year.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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***(b) Annual Results of the Group for FY2024 vs FY2023***

With reference to the 2024 Annual Report and depicted in Table 1 above, the total revenue for FY2024 of the Group was approximately HK\$87.6 million (FY2023: HK\$55.8 million) which represents approximately HK\$31.8 million or 57.1% increase as compared with last year.

During FY2024, the revenue generated from the design, fitting out and engineering services business has increased by approximately HK\$26.1 million, and the income from the leasing of construction equipment business has increased by approximately HK\$6.2 million, whilst the wine merchandising business and the financial services business has decreased by approximately HK\$0.3 million and HK\$0.1 million respectively, leaving the Group's revenue to increase by approximately HK\$31.8 million:

- (i) The increase in revenue generated from the design, fitting out and engineering services was mainly due to the increase in the number of works attributable to the increase in the number of public housing estates for the new 3-year term contract that was commenced from April 2022, and the increase in contract sum of construction contracts being awarded from public and private section works.
- (ii) The increase in revenue from the leasing of construction equipment was mainly due to the increase in the lease out rate of the scaffolding equipment as a consequence of the increase in demand from the leasing of construction equipment attributable to the HKSAR Government's commitment to forge ahead with the supply of public housing.
- (iii) The decrease in revenue generated from the wine merchandising business was mainly due to the decrease in orders from existing customers and the reallocation of the Group's resources from the wine merchandising business to the design, fitting out and engineering services business and the leasing of construction equipment.
- (iv) The revenue from the financial services business was maintained at the similar level and was approximately the same as last year.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### ***(c) Interim Results of the Group for SEP2024 vs SEP2023***

With reference to the 2024 Interim Report and depicted in Table 1 above, the Group recorded a total revenue for SEP2024 of approximately HK\$30.1 million (SEP2023: HK\$29.3 million), representing an increase of approximately HK\$0.8 million as compared with the last corresponding period.

The revenue generated from the design, fitting out and engineering services business has increased by approximately HK\$3.9 million, and the income from the leasing of construction equipment business has decreased by approximately HK\$1.6 million, whilst the wine merchandising business has decreased by approximately HK\$1.5 million, leaving the Group's revenue to increase by approximately HK\$0.8 million:

- (i) The increase in revenue generated from the design, fitting out and engineering services was mainly due to the increase in the number of works attributable to the increase in contract sum of construction contracts being awarded from public and private sector projects during the period.
- (ii) The decrease in revenue from the leasing of construction equipment was mainly due to certain projects close to their final phase, which has resulted in a reduced scope of work to be undertaken and lead to the decrease in the lease out rate during the period.
- (iii) The decrease in revenue generated from the wine merchandising business was mainly due to the decrease in orders from existing customers and the reallocation of the Group's resources from the wine merchandising business to the design, fitting out and engineering services business during the period.

### ***(d) Financial Position of the Group***

As depicted in Table 2 above, the total assets of the Group decreased by approximately 17.4% from approximately HK\$102.2 million as at 31 March 2022 to approximately HK\$84.4 million as at 31 March 2023, and then increased by approximately 7.5% to approximately HK\$90.7 million as at 31 March 2024, and further increased by approximately 12.8% to approximately HK\$102.3 million as at 30 September 2024. As at 31 March 2022, the total assets mainly comprised of property, plant and equipment, investment property and trade and other receivables. As at 31 March 2023, the total assets mainly comprised of non-current asset held for sale, property, plant and equipment and trade and other receivables. As at 31 March 2024, the total assets mainly comprised of cash and bank balances and trade and other receivables. As at 30 September 2024, the total assets mainly comprised of trade and other receivables, cash and bank balances, inventories and contract assets.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The decrease of total assets from 31 March 2022 to 31 March 2023 is mainly attributable to the disposal and depreciation of property, plant and equipment during FY2023. The increase of total assets from 31 March 2023 to 31 March 2024 is mainly attributable to the increase in trade receivables arising from the increase in revenue and the increase in cash and bank balances arising from the proceeds from issue of shares during FY2024. The increase of total assets from 31 March 2024 to 30 September 2024 is mainly attributable to the increase in inventories and contract assets during FY2024.

Total liabilities of the Group increased by approximately 22.2% from approximately HK\$29.8 million as at 31 March 2022 to approximately HK\$36.4 million as at 31 March 2023, and then decreased by approximately 52.7% to approximately HK\$17.2 million as at 31 March 2024, and then increased by approximately 56.6% to approximately HK\$27.0 million as at 30 September 2024. The total liabilities mainly comprised of accounts payable.

## II. Reasons for and Benefits of the Share Consolidation, Rights Issue and Use of Proceeds

### (a) *Reasons for and benefits of the Share Consolidation*

As disclosed in the Letter from the Board, over the past ten months, the existing board lot value of the Company has been less than HK\$2,000 and the Existing Shares has been trading at a closing price below HK\$0.1 since 8 November 2024.

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated on 1 October 2020) has further stated that (i) market price of the Existing Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The Group considers that the proposed Share Consolidation, resulting in a theoretical value of HK\$0.39 per Consolidated Share (based on the closing price of HK\$0.078 per Existing Share as at the Latest Practicable Date), would enable the Company to avoid noncompliance with the trading requirements under the GEM Listing Rules. In addition, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the GEM Listing Rules, but would also attract more investors and hence broaden the shareholder base of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have also made enquiry to the Management and the Group believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may otherwise be entitled.

**(b) *Reasons for and Benefits of the Rights Issue and Use of Proceeds***

The Group is principally engaged in (i) the provision of Engineering Business; (ii) the leasing of construction equipment; (iii) the sourcing and merchandising of fine and rare wines; and (iv) the provision of financial services comprising securities and money lending businesses.

Assuming all the Rights Shares are taken up or all Placing Shares are placed to Placees, the expected gross proceeds of the Rights Issue will be up to approximately HK\$39.2 million and the relevant expenses would be approximately HK\$2.5 million, which includes placing commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue. Accordingly, the net proceeds of the Rights Issue (after deducting the related expenses) will amount to HK\$36.7 million, of which the Company intends to apply as to:

- (i) HK\$25.7 million (representing 70% of the net proceeds) to support the Group's projects, of which approximately HK\$15.0 million for the payment to contractors in the current projects, approximately HK\$7.0 million for the prepayment to the subcontractors and/or supplies before the commencement of the forthcoming projects and approximately HK\$3.7 million for the initial start-up costs of the forthcoming projects;
- (ii) approximately HK\$5.9 million (representing 16% of the net proceeds) for settlement of debts including accruals, trade and other payables; and
- (iii) HK\$5.1 million (representing 14% of the net proceeds) for general working capital of the Group, of which approximately HK\$3.6 million for the staff costs and approximately HK\$1.5 million for other office overhead.

As disclosed in the 2024 Interim Report, the cash and bank balances of the Company as at 30 September 2024 amounted to approximately HK\$24.1 million only. The Company had trade and other payables of approximately HK\$24.2 million as current liabilities as at 30 September 2024. Therefore, the Group has an immediate need for financial resources to settle the liabilities and replenish its working capital to fund its projects.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the Letter from the Board, as at the date of this Circular, the aggregated contract sum of the Group's current projects is approximately HK\$73 million, which mainly represents the contract sum of the provision of design, fitting out and engineering services for a logistic centre in the Hong Kong International Airport from private sector contractors in Hong Kong. We understand from the Management that there will be two projects in the aggregated contract sum of approximately HK\$70 million will be commenced by first quarter of 2025, which mainly represents the contract sum of the provision of design, fitting out and engineering services from two private sector contractors in Hong Kong. The net proceeds of the Rights Issue are intended to be used to support these projects in the manner set out in the paragraph above.

We have also made enquiry to the Management, other financing alternatives, including debt financing, and other forms of equity financing such as open offer, have been considered. The Directors note that bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Directors do not consider it to be beneficial to the Company. According to the Directors, debt financing may require lengthy due-diligence and negotiation process. In addition to debt financing, we understand that the Directors had considered to conduct equity financing such as open offer. According to the Directors, open offer while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In view of the above, the Directors considered that the Rights Issue is the most suitable equity financing method available to the Group as:

- (i) the Qualifying Shareholders have the option to subscribe for the Rights Shares at their sole discretion;
- (ii) the Qualifying Shareholders who do not take up their entitlements can sell the nil-paid Rights Shares in the market; and
- (iii) the Rights Issue offers all the Qualifying Shareholders equal opportunities to participate in the enlargement of the Group's capital base and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so.

After considering that (i) debt financing would increase the Group's interest burden and create pressure to the liquidity of the Group; (ii) open offer does not offer the Qualifying Shareholders the option to sell the nil-paid Rights Shares in the market; and (iii) the Rights Issue will enable the Shareholders to maintain their proportionate interests in the Company should they so wish, we concur with the Directors' view that the Rights Issue is fair and reasonable and in the interest of Company and Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Equity fund-raising activities in the past twelve months*

Save for the placing of 37,627,200 new shares at HK\$0.201 under specific mandate completed on 23 April 2024 which raised net proceeds of approximately HK\$7.4 million with intended use as working capital for the Engineering Business (approximately HK\$6.6 million) and for general working capital (approximately HK\$0.8 million), the Company has not conducted any equity fund-raising activities in the past 12 months immediately preceding the date of this Circular.

### *Other corporate actions and fund-raising activities in the next twelve months*

With reference to the Letter from the Board, as at the Latest Practicable Date, save for the proposed Rights Issue, (i) the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation; and (ii) the Company currently does not have any plan to conduct any equity fund-raising activities in the next 12 months after completion of the Rights Issue. However, if there shall arise any change of the Group's current circumstances and existing business plans and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund-raising exercises to support such future developments of the Group. The Company will make further announcements in this regard in accordance with the GEM Listing Rules as and when appropriate.

### **III. Principal Terms of the Rights Issue and the Placing Agreement**

#### **(a) *Rights Issue***

##### *Rights Issue Statistics*

For details of the terms of the Rights Issue, please refer to the section headed "Proposed Rights Issue" in the Letter from the Board. Set out below are the principal terms of the Rights Issue:

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.289 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	225,763,200 Existing Shares

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	45,152,640 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 135,457,920 Rights Shares
Number of Consolidated Shares in issue immediately upon completion of the Rights Issue	:	Up to 180,610,560 Consolidated Shares
Maximum funds raised before expenses	:	Up to HK\$39.15 million (assuming all the Rights Shares will be taken up)

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. The 135,457,920 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) 75% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

### *Subscription Price*

The Subscription Price of HK\$0.289 per Rights Share is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares or when transferees of nil-paid Rights Shares accept the provisional allotment of the relevant Rights Shares. Assuming that all the Rights Shares are fully subscribed, the net price per Rights Share is estimated to be HK\$0.271.

The Subscription Price represents:

- (i) a discount of approximately 25.90% to the theoretical closing price of HK\$0.39 per Consolidated Share based on the closing price of HK\$0.078 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) a discount of 23.95% to the theoretical closing price of HK\$0.38 per Consolidated Share based on the closing price of HK\$0.076 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of 22.10% to the theoretical average closing price of HK\$0.371 per Consolidated Share based on the average closing price of HK\$0.074 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of 7.30% to the theoretical ex-rights price of HK\$0.312 per Consolidated Share based on the closing price of HK\$0.076 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of the Rights Issue of a discount of approximately 17.96%, represented by the theoretical diluted price of approximately HK\$0.312 to the theoretical benchmarked price of HK\$0.38 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the closing price on the Last Trading Day of HK\$0.076 per Existing Shares; and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the announcement in relation to, among other things, the Share Consolidation, Rights Issue and Placing of approximately HK\$0.074 per Existing Shares;
- (vi) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of the Rights Issue in aggregation with the placing under specific mandate announced on 17 January 2024 represented by a discount of approximately 18.73%, represented by the cumulative theoretical diluted price of approximately HK\$0.204 per Share to the theoretical benchmarked price of HK\$0.251 per Share in respect of the placing and Rights Issue (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of the placing and the Rights Issue, being HK\$0.251 per Share); and
- (vii) a discount of 82.69% to the unaudited net asset value per Consolidated Share of HK\$1.67 (based on the consolidated net asset value of the Group of HK\$75.37 million as at 30 September 2024 and 45,152,640 Consolidated Shares in issue upon the Share Consolidation becoming effective).



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the Letter from the Board, the Subscription Price was determined with reference to (i) the market price of the Existing Shares under the prevailing market conditions and the impact of the Share Consolidation; (ii) the prevailing market conditions of the capital market in Hong Kong taking into consideration the cautious investment sentiment in Hong Kong as a result of economic uncertainties; and (iii) the latest business performance and financial position of the Group.

### *Non-underwritten Basis*

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Unsubscribed Arrangements. The Placing Shares which remain not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

### **(b) *Placing Agreement***

On 13 December 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. Details of the Placing are as follows:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For details of the terms of the Placing Agreement, please refer to the section headed “Placing Agreement” in the Letter from the Board. Set out below are the principal terms of the Placing Agreement:

- Date : 13 December 2024
- Parties : (i) the Company, as issuer; and  
(ii) the Placing Agent
- Placing Agent : Advent Securities (Hong Kong) Limited, appointed as the Placing Agent to place the Placing Shares on a best effort basis. The Placing Agent has confirmed that it is an Independent Third Party.
- Fees and expenses : 2.0% of the amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
- Placing price of the Placing Shares : The placing price of the Placing Shares shall be at least equal to the Subscription Price. The final price is dependent on the demand and market conditions of the Placing Shares during the process of placement.
- Placees : The individuals, corporate, institutional investors or other investors procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares.

According to Rule 10.31(1) (b) of the GEM Listing Rules, the Company will make the Unsubscribed Arrangements to disposal of the Placing Shares by offering the Placing Shares to independent Placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue. There will be no excess application arrangement in relation to the Rights Issue.

Given that the Unsubscribed Arrangements would provide (i) a distribution channel of the Placing Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, we consider that the Unsubscribed Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company’s minority shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### IV. Assessment of the Principal Terms of the Rights Issue and the Placing Agreement

#### (a) *Historical Share Price Performance*

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 13 December 2023 (being one year prior to the date of the Announcement) up to and including the Last Trading Day (the “**Review Period**”). We consider the one-year period to be adequate and reasonable for shareholders’ reference in regard to the Subscription Price because the Review Period has included the latest financial position and reflected the Share price performance of the Group. The general trend of the daily closing prices of the Shares during the Review Period is illustrated as follows:

#### **Historical daily closing price of the Shares during the Review Period**



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Board proposes to implement the Share Consolidation on the basis that every five issued Existing Shares be consolidated into one Consolidated Share, the theoretical daily closing prices of the Consolidated Shares during the Review Period are recalculated on the same basis. The general trend of the daily closing prices of the Consolidated Shares during the Review Period and comparison with the Subscription Price is illustrated as follows:

### Historical daily closing price of the Consolidated Shares during the Review Period



During the Review Period, the highest and the lowest closing prices of the Consolidated Shares as quoted on the Stock Exchange were HK\$1.675 recorded on 14 March 2023 and HK\$0.33 recorded on 28 November 2024 and the average closing price was approximately HK\$0.928. The closing price of the Shares generally exhibited a declining trend since March 2024.

Based on our review of the Company's announcements published on the website of the Stock Exchange during the Review Period, except for the publication of annual results and interim results announcements, there is no particular reason and we are not aware of any information causing the fluctuations on the closing price of the Shares. We have further made inquiry to the Management who are also not aware of any other reasons for the fluctuations on the closing price of the Shares during the Review Period. As disclosed in the Letter from the Board, the Directors are of the view that the share price movement during the Review Period may reflect the market sentiment following the Company's recent announcement, including but not limited to the Company's interim results for the six months ended 30 September 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Subscription Price of HK\$0.289 per Share is below the range of the lowest and highest closing prices of the Shares during the Review Period. It represents (i) a discount of approximately 12.42% to the lowest closing price of HK\$0.33 during the Review Period; (ii) a discount of approximately 82.75% to the highest closing price of HK\$1.675 during the Review Period; and (iii) a discount of approximately 68.86% to the average closing price of approximately HK\$0.928 during the Review Period.

With reference to the sub-paragraph headed “(c) Market Comparables Analysis” below in this paragraph, we note that it is a common market practice that the subscription price of a rights issue is set at a discount to the prevailing market prices of the relevant shares to encourage the existing shareholders to participate in a rights issue as to meet the need of equity fund raising.

Furthermore, as disclosed in the Letter from the Board, the Directors observed that the market capitalisation of the Group consistently fell considerably short of its net asset value during the Review Period, where the market capitalisation of the Group during the Review Period ranged from approximately HK\$14.90 million to approximately HK\$20.77 million, which represented a discount of approximately 80.23% and 72.45% respectively to the latest unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$75.38 million as of 30 September 2024. This substantial disparity reflects a lack of market confidence in the Group’s financial performance, position, and future prospects. As a result, the Directors consider that the market value of the Shares no longer accurately reflects the underlying net asset value, and we agree with this view.

We also concur with the Directors’ view on the challenge of raising funds through equity due to (i) the Shares’ recent market performance, which has been in a downward trend; (ii) the current market sentiment of the shares of listed companies in Hong Kong. It is reasonable to set the Subscription Price at a discount to the recent market price of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue, enabling the Company to raise sufficient capital. We are of the view that the Subscription Price is fair and reasonable.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**(b) Historical Liquidity of the Shares**

The table below sets out information of the trading liquidity of the Shares during the Review Period:

Month/Period	Total trading volume <i>Number of Shares</i>	Number of trading days	Average daily trading volume <i>Number of Shares</i>	Percentage of average daily trading volume to the total number of issued Shares %
From 13 December 2023 to 31 December 2023	15,620,400	11	1,420,036	0.629
January 2024	53,365,280	22	2,425,695	1.074
February 2024	38,488,320	19	2,025,701	0.897
March 2024	44,633,840	20	2,231,692	0.989
April 2024	20,361,600	20	1,018,080	0.451
May 2024	4,243,200	21	202,057	0.089
June 2024	43,552,960	19	2,292,261	1.015
July 2024	17,057,120	22	775,324	0.343
August 2024	7,068,800	22	321,309	0.142
September 2024	1,784,000	19	93,895	0.042
October 2024	6,153,120	21	293,006	0.130
November 2024	10,801,600	21	514,362	0.228
From 1 December 2024 to 13 December 2024	3,360,000	10	336,000	0.149

*Source: website of the Stock Exchange (www.hkex.com.hk)*

As shown in the above table, the average daily trading volume of the Shares in each month/period ranged from 93,895 Shares in September 2024 to 2,425,695 Shares in January 2024 during the Review Period, representing approximately 0.042% to 1.074% of the total number of issued Shares as at the end of the month/period respectively. We noted from the above table that the liquidity of the Shares was generally thin during the Review Period. Save for January 2024 and June 2024, the average trading volume to the total number of issued Shares during the Review Period was below 1%.

Given that (i) the generally thin liquidity of the Shares during the Review Period; and (ii) the general downward trend of the closing price of the Shares since March 2024, we consider that it is reasonable to set at a discount for the Subscription Price to encourage the Qualifying Shareholders to subscribe for the Rights Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(c) Market Comparables Analysis*

In assessing the fairness and reasonableness of the terms of the Rights Issue, including the Subscription Price, we have performed an analysis of the comparison of the Rights Issue to other rights issue conducted by other listed companies (the “**Listcos**”) on GEM. We have reviewed rights issue conducted by Listcos during the Review Period (the “**Comparables**”) based on the key selection criteria of (i) publication of initial announcement of the rights issue is within the Review Period; (ii) the rights issue is conducted by Listcos on GEM; and (iii) the rights issue is subject to shareholders’ approval. To the best of our knowledge and as far as we are aware of, we found 21 Comparables which we consider an exhaustive list of relevant Comparables.

We consider that the Review Period is adequate and appropriate given that (i) such period provides us the recent information to demonstrate the prevailing market practice for rights issue prior to the Last Trading Day; and (ii) sufficient number of Comparables were identified during the Review Period. Independent Shareholders should note that the businesses, operations and prospects of the Group may not be the same with the Comparables listed below. Nevertheless, we consider that the Comparables were determined under similar market conditions and sentiment which were also subject to shareholders’ approval and therefore, the Comparables provide a general reference in assessing the fairness and reasonableness of the terms of the Rights Issue, including the Subscription Price.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Details of the Comparables extracted from their respective initial announcement are set out below:

Date of initial announcement	Stock code	Company name	Basis of entitlement	Discount/(premium) of the subscription price to/(over)			Theoretical dilution effect %	Underwriting arrangement	Placing commission %
				The closing price on last trading day %	The theoretical ex-rights price %	The net asset value per issued share %			
28/12/2023	8631	Sun Kong Holdings Limited	2 for 1	34.78	15.49	70.87	23.49	Non-underwritten	N/A <sup>(2)</sup>
30/1/2024	8293	Singasia Holdings Limited	2 for 1	11.5	3.85	67.32	14.17	Non-underwritten	N/A <sup>(2)</sup>
9/2/2024	8148	Wuxi Life International Holdings Group Limited	2 for 1	20	10.45	(380)	10.45	Non-underwritten	N/A <sup>(2)</sup>
21/2/2024	8121	Guoen Holdings Limited	2 for 1	33.3	14.3	60.9	23.5	Fully underwritten	N/A <sup>(2)</sup>
23/2/2024	8460	Basetrophy Group Holdings Limited	3 for 1	31.82	10.45	77.61	23.86	Non-underwritten	N/A <sup>(2)</sup>
26/4/2024	8030	Flying Financial Service Holdings Limited	3 for 1	24.2	7.4	64.8	23.7	Non-underwritten	N/A <sup>(2)</sup>
30/4/2024	8160	Goldway Education Group Limited	3 for 1	27.5	8.66	88.4	20.9	Non-underwritten	N/A <sup>(2)</sup>
16/5/2024	8196	Futian Holdings Limited	1 for 2	Nil	Nil	(8.7)	4.6	Non-underwritten	N/A <sup>(2)</sup>
29/5/2024	8500	Icon Culture Global Company Limited	1 for 1	36.71	22.84	N/A <sup>(1)</sup>	18.59	Non-underwritten	0.5
25/6/2024	8537	Chong Fai Jewellery Group Holdings Company Limited	3 for 1	32.2	10.4	87.4	24.6	Non-underwritten	1
27/6/2024	8219	Hanvey Group Holdings Limited	1 for 2	59.3	49.2	7.4	19.8	Non-underwritten	3.5
28/6/2024	8153	Jiading International Group Holdings Limited	3 for 1	16.67	4.76	91.67	12.5	Non-underwritten	3
2/7/2024	8326	Tonking New Energy Group Holdings Limited	1 for 2	41.18	33.3	69.7	11.76	Non-underwritten	1
22/7/2024	8072	Roma (Meta) Group Limited	3 for 1	23.08	7.41	97.23	18.18	Non-fully underwritten	1.25
14/8/2024	8223	Ziyuanyuan Holdings Group Limited	1 for 5	66.44	62.26	36.38	11.09	Fully underwritten	N/A <sup>(2)</sup>
4/9/2024	8275	China New Consumption Group Limited	1 for 2	5.66	4.76	61.09	2.47	Non-underwritten	3.5
23/9/2024	8365	Hatcher Group Limited	3 for 1	31.5	10.4	94.1	23.6	Fully underwritten	Nil
4/10/2024	8179	Palinda Group Holdings Limited	1 for 2	18.7	13.29	66.1	6.23	Non-underwritten	N/A <sup>(2)</sup>
8/10/2024	8113	V & V Technology Holdings Limited	1 for 2	31.51	23.47	32.23	10.5	Non-underwritten	N/A <sup>(2)</sup>
21/10/2024	8087	China 33 Media Group Limited	3 for 2	7.41	3.23	55.62	5.12	Non-underwritten	1.5
15/11/2024	8007	Global Strategic Group Limited	4 for 1	12.5	3.2	91.6	11.3	Non-fully underwritten	N/A <sup>(2)</sup>
		<b>Maximum</b>		66.44	62.26	97.23	24.60		3.5
		<b>Minimum</b>		Nil	Nil	(380)	2.47		Nil
		<b>Average</b>		26.95	15.20	41.59	15.26		1.69
	8125	<b>The Company</b>	3 for 1	23.95	7.30	82.69	17.96	Non-underwritten	2.00

*Notes:*

- denotes that comparison to net asset value is not applicable due to the net liabilities position of the respective Comparable, and has been excluded from the analysis.
- denotes that the respective Comparable did not involve placing agent for its right issue.

As shown in the above table, we noted that all Comparables set the subscription price at a discount to their prevailing market price. It demonstrates that it is not uncommon to set the subscription price of a rights issue at a discount to its prevailing market price in order to encourage the existing shareholders to participate the rights issue.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Subscription Price*

Based on the above Comparables, we can also summarise our findings:

- (i) the subscription price to the closing price on the respective last trading day of the Comparables ranged from a discount of nil to approximately 66.44%, with an average discount of approximately 26.95%. The Subscription Price represents a discount of approximately 23.95% to the theoretical closing price per Consolidated Share on the Last Trading Day, which is within the range of that of the Comparables;
- (ii) the subscription price to the theoretical ex-rights price on the respective last trading day of the Comparables ranged from a discount of nil to approximately 62.26%, with an average discount of approximately 15.20%. The Subscription Price represents a discount of approximately 7.30% to the theoretical ex-rights price per Consolidated Share on the Last Trading Day, which is also within the range of that of the Comparables;
- (iii) the subscription price to the net asset value per issued share of the Comparables ranged from a discount of approximately 97.23% to a premium of approximately 380%, with an average discount of approximately 41.59%. The Subscription Price represents a discount of 82.69% to the unaudited net asset value per Consolidated Share, which is also within the range of that of the Comparables; and
- (iv) the theoretical dilution effect of the Comparables ranged from approximately 2.47% to 24.60%, with an average of approximately 15.26%. The theoretical dilution effect of the Rights Issue of approximately 17.96% is slightly above the average of that of the Comparables.

Having considered that:

- (i) it is a common market practice for the companies listed on the Stock Exchange to set the subscription price of a rights issue at a discount to the market price in order to encourage the existing shareholders to participate the rights issue;
- (ii) the discounts represented by the Subscription Price to the theoretical closing price on the Last Trading Day, the theoretical ex-rights price per Consolidated Share and the net asset value per issued share fall within the respective range of that of the Comparables;
- (iii) the closing price of the Shares was on a downward trend since March 2024 till the Last Trading Day;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) the trading volume of the Shares was generally thin during the Review Period;
- (v) the immediate need for financial resources to settle the Group's liabilities and replenish its working capital to fund its projects;
- (vi) the Rights Issue would strengthen the capital base of the Group;
- (vii) other alternative fund-raising methods may not be feasible as discussed in the paragraph headed "II. Reasons for and Benefits of the Share Consolidation, Rights Issue and Use of Proceeds" above in this letter; and
- (viii) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered an equal opportunity to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company.

Nothing has come to our attention that the Subscription Price is not fair and reasonable and not in the interest of the Company and the Shareholders as a whole.

### *Non-underwritten Basis*

From the Comparables table as set out above, we noted that it is a common market practice that rights issue is conducted on a non-underwritten basis. We are of the view that such is in line with the general market practice and is acceptable.

### *Placing Fee and Placing Price*

Pursuant to the Placing Agreement, the Company shall pay to the Placing Agent a fee of 2% of the amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion. As advised by the Company, the terms of the Placing Agreement were determined after arm's length negotiation between the Company and the Placing Agent by reference to the financial position of the Group, the size of the Rights Issue and the prevailing market conditions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For detailed terms of the Placing Agreement, please refer to the section headed “Placing Agreement” in the Letter of the Board. From the Comparables table as set out above, we noted that the commission rates payable to underwriters or placing agents of the Comparables (excluding those with fixed commission) ranged from nil to 3.5%. The Placing Commission Rate of 2% is within the range of commission rates payable of the Comparables and is only slightly above the average commission rates payable of the Comparables of approximately 1.69%. We also understand that the Company has reached out to other potential placing agents and none has offered more favourable terms than the fee of 2%. Accordingly, we are of the opinion that the fee of 2% (which is within the aforesaid range) is fair and reasonable.

According to the Placing Agreement, the placing price of the Placing Shares shall be at least equal to the Subscription Price. The final price is dependent on the demand and market conditions of the Placing Shares during the process of placement. We noted that the similar arrangements were also made for the Comparables with placing arrangements. As such, we consider that such arrangement for the placing price in a rights issue is in line with the market practice and is fair and reasonable.

### **V. Dilution Effect of the Rights Issue on Shareholding Interests**

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Referring to the section headed “Shareholding Structures” in the Letter from the Board, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 75%. It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including but not limited to the results of acceptance of the Rights Issue.

Having taken into account (i) all Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; and (iii) shareholding dilution is generally inherent in rights issue with new shares being issued, we are of the view that the potential dilution effect on the shareholding is acceptable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### VI. Potential Financial Effect of the Rights Issue

The unaudited pro forma statement of unaudited consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Pro Forma Statement**”) adjusted for the effect of the Rights Issue as at 30 September 2024, which is prepared as if the Rights Issue had taken place on 30 September 2024, is set out under Appendix II to the Circular. According to the Pro Forma Statement, the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 was approximately HK\$72.9 million and would be approximately HK\$109.6 million (based on 135,457,920 Rights Shares to be issued) as if the Rights Issue had taken place on 30 September 2024. It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

### RECOMMENDATION

Having taken into consideration of the above factors and reasons, we are of the view and concur with the Directors’ view that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) at the GM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**RaffAello Capital Limited**  
**Tsang Kin Hung**  
*Managing Director*

*Note:* Mr. Tsang Kin Hung is the Managing Director of RaffAello Capital Limited and is licensed under the SFO as a responsible officer to conduct Type 6 (advising on corporate finance) regulated activities. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three financial years ended 31 March 2022, 2023 and 2024 and the interim report for the period ended 30 September 2024 were disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.royalcentury.hk](http://www.royalcentury.hk)):

- annual report of the Company for the year ended 31 March 2022 published on 30 June 2022 (pages 98 to 204);  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0630/2022063000045.pdf>)
- annual report of the Company for the year ended 31 March 2023 published on 30 June 2023 (pages 101 to 212);  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0630/2023063000017.pdf>)
- annual report of the Company for the year ended 31 March 2024 published on 29 July 2024 (pages 101 to 212);  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0729/2024072900703.pdf>)
- interim report of the Company for six months ended 30 September 2024 published on 30 December 2024 (pages 4 to 48).  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2024/1230/2024123000417.pdf>)

**2. INDEBTEDNESS OF THE GROUP**

As at the close of business on 31 December 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

**Unsecured and unguaranteed lease liabilities**

	<b>As at 31 December 2024 HK\$'000</b>
Current	<u><u>484</u></u>

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 31 December 2024 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, charges, hire purchases commitments, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL STATEMENT**

Taking into account the financial resources available to the Group including the estimated net proceeds from the Rights Issue of approximately HK\$36.7 million, cash and cash equivalents on hand, cash flows from operating activities and available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

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

According to the Company’s interim report for the six months ended 30 September 2024, the Group’s revenue for the six months ended 30 September 2024 was approximately HK\$30.08 million, representing an increase of approximately HK\$0.76 million or 2.59% from approximately HK\$29.32 million for the six months ended 30 September 2023. The loss attributable to owners of the Company decreased from approximately HK\$6.2 million for the six months ended 30 September 2023 to approximately HK\$5.5 million for the six months ended 30 September 2024. Such decrease was resulted from the decrease in administrative expenses due to the effective cost control in administration and operations.

Among the four business segments of the Group, the Engineering Business was relatively more profitable. Despite the highly competitive environment for the Engineering Business, the Group is expected to reduce the scale of the public housing maintenance, improvement and vacant flat refurbishment works and services and is currently reformulating the mix of the design, fitting out and engineering services business and redistributing its resources to seek for other projects to sustain the Engineering Business. It is the Group's strategy to develop business relationship with the existing contractors and customers to coordinate and negotiate for further works and services as well as for introducing new contractor(s) and customer(s). The Group expects such exploration and development will further broaden and strengthen the income stream and the sustainability of the Engineering Business.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Proforma Financial Information**”) which has been prepared by the Directors in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to equity holders of the Company as if the Rights Issue had been completed on 30 September 2024. As it is prepared for illustrative purpose only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to equity holders of the Company had of the Rights Issue been completed as at 30 September or at any future date.

The Unaudited Pro Forma Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 as derived from the Group's published interim report for the six months ended 30 September 2024, and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed as at 30 September 2024.

	Unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 <i>(Note 1)</i> HK\$'000	Unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 <i>(Note 2)</i> HK\$	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 immediately after the Completion of the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 immediately after the Completion of the Rights Issue <i>(Note 4)</i> HK\$
Based on 135,457,920 Consolidated Shares to be issued at the Subscription Price of HK\$0.289 per Consolidated Share	72,916	1.61	36,700	109,616	0.61



*Notes:*

1. The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company of HK\$72,916,000 as at 30 September 2024 is extracted from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2024 set out in the published interim report of the Company. The amount is arrived at deducting intangible asset HK\$ 2,460,000 from net assets HK\$ 75,376,000 as per interim report.
2. The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 per Share before the Completion of the Rights Issue is calculated based on the unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 of HK\$72,916,000 divided by 45,152,640 Consolidated shares in issue before the Rights Issue.
3. The estimated net proceeds from the Rights Issue are based on 135,457,920 Rights Shares (calculated on the basis of three Rights Shares for every one consolidated share held as at 30 September 2024, details as disclosed in note 3) to be issued at the subscription price of HK\$0.289 per Consolidated Share, after deducting the estimated related expenses of HK\$2,433,000 to be incurred by the Group.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 of HK\$72,916,000 divided by 180,610,560 shares in issue upon completion of the Rights Issue, which comprises 45,152,640 Consolidated shares in issue before the Rights Issue and 135,457,920 Consolidated Shares to be issued under the Rights Issue.  
  
The 45,152,640 Consolidated shares in issue is calculated based on the shares in issue of 225,763,200 as at 30 September 2024 which are adjusted for share consolidation whereby every five issued existing shares would be consolidated into one consolidated share as stipulated in the section “Proposed Share Consolidation” in the Letter from the Board of this circular.
5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2024.

**(B) REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION**

*The following is the text of the independent reporting accountants' assurance report received from Global Link CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.*



Unit 21A, 15/F, Star House,  
3 Salisbury Road, TST, Kowloon, Hong Kong  
General Line: (852) 3580 0885  
Fax: (852) 3580 0772  
Website: <https://globallinkcpa.com/>

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****The Board of Directors of Royal Century Resources Holdings Limited**

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 for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2024 and related notes as set out on in appendix II of the circular issued by the Company dated 27 January 2025 (the “**Circular**”) issued in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue of the Company on the basis of three rights shares for every one consolidated share held on the record date on a non-underwritten basis (the “**Rights Issue**”) on the Group's financial position as at 30 September 2024 as if the Rights Issue had taken place at 30 September 2024. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's condensed consolidated financial statements for the six months ended 30 September 2024, on which no audit or review report has been published.

**Directors' Responsibility for the Unaudited pro forma Financial Information**

The directors of the Company are responsible for compiling the unaudited 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 Listing 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**”).

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirement 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 behavior.

The firm applies Hong Kong Standard on Quality Management (“**HKSQM**”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited 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 unaudited 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 accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred 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 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited pro forma financial information has been properly compiled 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 unaudited pro forma financial information as disclosed pursuant to paragraph 7.31 of the GEM Listing Rules.

**Global Link CPA Limited**

**Au Yeung Ming Yin Gordon**

Practising Certificate Number: P08219

Hong Kong

27 January 2025

**1. RESPONSIBILITY STATEMENT**

This circular, 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 circular 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 circular misleading.

**2. SHARE CAPITAL**

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

Assuming there is no change in the number of issued Existing Shares from the Latest Practicable Date up to the completion of the Share Consolidation and the Rights Issue and full acceptance of the Rights Shares, the number of Shares in issue are as follows:

- (a) As at the Latest Practicable Date:

	<b>Number</b>
Existing Shares	225,763,200

- (b) Immediately following completion of the Share Consolidation but before the completion of the Rights Issue:

	<b>Number</b>
Consolidated Shares	45,152,640

- (c) Immediately following completion of the Share Consolidation and the Rights Issue:

	<b>Number</b>
Consolidated Shares	45,152,640
Rights Shares to be issued	<u>135,457,920</u>
Consolidated Shares in issue after the Share Consolidation and Rights Issue	<u><u>180,610,560</u></u>

All the Existing Shares, Consolidated Shares and the Rights Shares in issue and to be issued rank and will rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Existing Shares, Consolidated 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 Existing Shares, the Consolidated Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

### **3. DISCLOSURE OF INTERESTS**

#### **(a) Interests 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 positions in the Shares and the underlying shares*

Name of Shareholder	Capacity/ Nature of interest	Number of Existing Shares held	Approximate percentage of shareholding in the Company
Max Premier Limited	Beneficial owner	53,888,000	23.87%
Li Shing Kuen Alexander	Beneficial owner	44,672,000	19.79%

*Notes:*

1. Mr. Zhao Chuanrong (“**Mr. Zhao**”) is the legal and beneficial owner of the entire issued share capital of Max Premier Limited, and thus Mr. Zhao is deemed to be interest in all the 53,888,000 Shares held by Max Premier Limited for the purpose of 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, 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.

**6. MATERIAL 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 2024, 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. RISKS FACTORS**

A number of factors might affect the results and business operations of the Group. The principal risks and uncertainties faced by the Group are set out below:

**Reliance on the provision of design, fitting out and engineering services business**

The Group's revenue is mainly derived from the provision of design, fitting out and engineering services and relies on successful quotation or tenders of the provision of design, fitting out and engineering services projects which are not recurrent in nature, and there is no guarantee that our existing customers will provide us with new business or that we will secure new customers.

Accordingly, the Group's revenue will fluctuate depending on the number of contracts secured. If the Group fails to continue the existing contracts or secure additional contracts from the existing customers, and the Group is unable to enter into contracts with new customers on comparable terms or at all, the Group's business, results of operations and financial condition could be adversely affected.

Failure to estimate the costs involved accurately in the implementation of the projects and delay in completion of the projects which may also adversely affect our operating results and financial position due to the reliance on the provision of design, fitting out and engineering service business.

**Risks which are relevant to the macro environment which may affect the Group's businesses**

The business operations of the Group are primarily based in Hong Kong and Macau. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in Hong Kong and Macau. Any changes in the economic or political environment of Hong Kong and Macau (including, but not limited to, government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect the Group's business and results of operations as well as its ability to sustain its expansion strategies and thus future growth.

**Risks relating to the Share price**

The price and trading volume of the Shares are determined by demand and supply of investors for the Shares in the public market and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in Hong Kong could cause the market price of the Shares to change substantially.

**9. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**10. 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) the sale and purchase agreement dated 31 March 2023 (and the supplemental agreement dated 27 September 2023) entered into between the Group and Lucky Smart Capital Investment Limited in relation to the disposal of the Group's interest in a property at a consideration of HK\$30 million;

- (b) the placing agreement dated 15 September 2023 entered into between the Company and SBI E2-Capital Securities Limited as placing agent in relation to the rights issue completed on 13 December 2023 with a placing price at least equal to the subscription price of HK\$0.23 per placing share and a placing commission of 1% of the amount which is equal to the placing price multiplied by the number shares that are successfully placed;
- (c) the placing agreement dated 17 January 2024 entered into between the Company and Space Securities Limited as placing agent in relation to the placing of new shares under specific mandate completed on 23 April 2024 with a placing price at least equal to the subscription price of HK\$0.201 per placing share and a placing commission of 1% of the amount which is equal to the placing price multiplied by the number of shares that are successfully placed; and
- (d) the Placing Agreement.

#### 11. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinion, letter or advice contained in this circular (the “**Experts**”):

<b>Name</b>	<b>Qualification</b>
Global Link CPA Limited	certified public accountants
RaffAello Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any 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, none of the Experts 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 which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up.

**12. EXPENSES**

The expenses payable by the Company in connection with the Rights Issue, including Independent Financial Adviser fees, placing commission, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$2.4 million.

**13. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Board of Directors</b>	<i>Executive Directors</i> Ms. Miao Xianliu Mr. Law Hok Yu Ms. Ma Man Chi Mr. Wang Jun
	<i>Independent non-executive Directors</i> Ms. Tsang Hau Wai Mr. Li Ka Chun Gordon Ms. Chan Wai Yan
<b>Audit committee</b>	Ms. Tsang Hau Wai ( <i>Chairman</i> ) Mr. Li Ka Chun Gordon Ms. Chan Wai Yan
<b>Nomination committee</b>	Ms. Chan Wai Yan ( <i>Chairman</i> ) Mr. Li Ka Chun Gordon Ms. Tsang Hau Wai
<b>Remuneration committee</b>	Mr. Li Ka Chun Gordon ( <i>Chairman</i> ) Ms. Tsang Hau Wai Ms. Chan Wai Yan
<b>Compliance committee</b>	Ms. Tsang Hau Wai ( <i>Chairman</i> ) Mr. Li Ka Chun Gordon Ms. Chan Wai Yan
<b>Registered office and principal place of business</b>	Suite 2201, 22/F China Resources Building 26 Harbour Road Wanchai, Hong Kong
<b>Authorised representatives</b>	Ms. Miao Xianliu Mr. Law Hok Yu
<b>Company secretary</b>	Mr. Law Hok Yu

<b>Share Registrar in Hong Kong</b>	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong
<b>Principal bankers</b>	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  DBS Bank 11th Floor, The Center 99 Queen's Road Central Hong Kong
<b>Auditors and reporting accountants</b>	Global Link CPA Limited <i>Certified Public Accountants</i> Unit 21A, 15/F, Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong
<b>Legal adviser to the Company as to Hong Kong laws</b>	Yick & Chan, Solicitors Suite A1, 11/F One Capital Place 18 Luard Road Wanchai, Hong Kong
<b>Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders</b>	RaffAello Capital Limited 1/F, E168, No. 166-168 Des Voeux Road Central, Hong Kong
<b>Placing Agent</b>	Advent Securities(Hong Kong) Limited Unit A-C, 11/F, Kee Shing Centre, 74-76 Kimberley Road, Kowloon, Hong Kong

## 14. PARTICULARS OF THE DIRECTORS

### Executive Directors

**Ms. Miao Xianliu**, aged 48, is an executive Director of the Company since May 2024. Ms. Miao completed the safety and technology management major course of East China University of Science and Technology. Ms. Miao has over 25 years of experience in engineering and building materials business in PRC.

**Mr. Law Hok Yu**, aged 34, is an executive Director and company secretary of the Company since May 2024. Mr. Law obtained his bachelor degree of Business Administration in Accountancy from the Hong Kong Polytechnic University. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Law has over 10 years of experience in auditing, accounting and corporate finance. Mr. Law is currently an executive director and company secretary of Hang Yick Holdings Company Limited (stock code: 1894), since May 2024 and June 2024, respectively, and an independent non-executive director of OneConstruction Group Limited (Nasdaq stock code: ONEG) since the listing in December 2024.

**Ms. Ma Man Chi**, aged 40, has appointed as an executive director effective from 19 July 2024. Ms. Ma has extensive experience in accounting and auditing, specifically more than 15 years of experience from the engineering and construction industry which is derived from her previous working experiences in a Main Board listed Company and an international accounting firm. Ms. Ma has led several audit engagements and capital market transactions for multinational corporations and sizable listed companies in Hong Kong. Ms. Ma is a fellow member of the Hong Kong Institute of Chartered Public Accountants and holds a bachelor's degree of Business Administration with first honor in Accounting from the Open University of Hong Kong in 2009. Ms. Ma is a member of Chiropractors Council since 2022 and has been appointed as a Lay Assessor by The Medical Council of Hong Kong since 2023.

**Mr. Wang Jun**, aged 53, is an executive Director of the Company since February 2017. Mr. Wang completed a certificate programme in General Education from 廣東省遂溪師範學校 (literally, 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.

**Independent non-executive Directors**

**Ms. Tsang Hau Wai**, aged 43, is an independent non-executive Director of the Company since October 2023. Ms. Tsang obtained a Bachelor of Arts (Honors) degree in Accountancy from The Hong Kong Polytechnic University in 2002. Ms. Tsang is a certified public accountant of Hong Kong Institute of Certified Public Accountants, a member of The Institute of Chartered Accountants in England and Wales and a project management professional of Project Management Institute. Ms. Tsang has over 15 years of experience in commercial sector and listed companies.

**Mr. Li Ka Chun Gordon**, aged 32, is an independent non-executive Director of the Company since December 2023. Mr Li obtained his bachelor's degree in Accounting from The University of Hull. Mr. Li has around 10 years of experience in the areas of accounting and financial management in financial institutions and corporations, and led several large audit and financing projects. Mr. Li is currently an executive director of Hope Life International Holdings Limited (Stock code: 1683), since April 2024, and an independent non-executive director of HSC Resources Group Limited (stock code: 1850), since March 2022.

**Ms. Chan Wai Yan**, aged 29, is an independent non-executive Director of the Company since May 2024. Ms. Chan obtained a bachelor's degree in Accounting from University of Hull in England. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan has over 8 years of financial and accounting experiences. Ms. Chan is currently an independent non-executive director of Hope Life International Holdings Limited (stock code: 1683), since October 2023, and an independent non-executive director of OneConstruction Group Limited (Nasdaq stock code: ONEG) since the listing in December 2024.

The business address of the Directors 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.

**15. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee of the Board comprises all the independent non-executive Directors, namely Ms. Tsang Hau Wai, Mr. Li Ka Chun Gordon and Ms. Chan Wai Yan, being 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.

**16. DOCUMENTS ON DISPLAY**

Copies of the following documents are will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.royalcentury.hk](http://www.royalcentury.hk)) for 14 days from the date of this circular:

- (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 2022, 2023 and 2024;
- (c) the interim report of the Company for the six months ended 30 September 2024;
- (d) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 38 to 39 of this circular;
- (e) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 40 to 65 of this circular;
- (f) 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 circular;
- (g) the material contracts referred to in the paragraph headed "10. Material Contracts" of this appendix; and
- (h) the written consent referred to in paragraph headed "11. Qualification and consent of Experts" of this appendix.

**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) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities;
- (c) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business;
- (d) During the year ended 31 March 2024, (i) the Group's largest customer and top five customers accounted for 33.51% and 85.47% of the revenue respectively; and (ii) none of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in these major customers; and
- (e) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.



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## NOTICE OF GM

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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)**

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting (the “**Meeting**”) of Royal Century Resources Holdings Limited (the “**Company**”) will be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Monday, 17 February 2025 at 11:00 a.m. for the purpose of considering and passing the following resolutions with or without amendments as resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon, among other things, the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on the Stock Exchange:
  - (i) every five issued shares in the share capital of the Company be consolidated into one share (each a “**Consolidated Share**”), and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “**Share Consolidation**”);
  - (ii) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors (each a “**Director**”) of the Company may think fit; and

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## NOTICE OF GM

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- (iii) any one Director be and is hereby authorised to approve, sign and execute such documents and do and/or procure to be done any and all acts, deeds and things which in his/her opinion may be necessary, desirable or expedient to effect and implement the Share Consolidation.”
2. “**THAT** subject to and conditional upon the passing of the resolution numbered 1, and the fulfilment of all the conditions as set out in the section headed “Letter from the Board – Proposed Rights Issue – Conditions of the Rights Issue” in the circular of the Company dated 27 January 2025:
- (i) the issue of a maximum of 135,457,920 new Consolidated Shares (assuming no further issue and repurchase of the shares of the Company up to the Record Date (as defined below)) (the “**Rights Shares**”) pursuant to an offer by way of rights to the shareholders of the Company (the “**Shareholders**”) at the subscription price of HK\$0.289 per Rights Share (the “**Subscription Price**”) on the basis of three Rights Shares for every one Consolidated Shares held by the Shareholders (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on Friday, 28 February 2025, or such other date as may be determined by the Company for determining entitlements of the Shareholders to participate in the Rights Issue (as defined below) (the “**Record Date**”), as described in further details in a circular issued by the Company dated Monday, 27 January 2025 (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant 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 “**Excluded Shareholders**”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”) be and are hereby approved, confirmed and ratified;
- (ii) the placing agreement (the “**Placing Agreement**”) dated 13 December 2024 and entered into among the Company and Advent Securities (Hong Kong) Limited (a copy of which has been produced to the GM marked “B” and signed by the chairman of the GM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

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- (iii) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Directors be and is hereby authorised to make such exclusions or other arrangements in relation to any Excluded Shareholders, and to do all such acts and things or make such arrangements as he/she considers necessary, desirable or expedient having regard any restrictions under the articles of the Company or the laws of, or the rules and regulations of any relevant regulatory body or any stock exchange in, any territory outside Hong Kong to give effect to any or all other transactions contemplated in this resolution; and
- (iv) any one of the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Rights Issue, as they may consider necessary, desirable or expedient to implement or give effect to any matters in connection with the Rights Issue.”

### SPECIAL RESOLUTIONS

“**THAT** subject to and conditional upon the approval of the Registrar of Companies in Hong Kong being obtained, the English name of the Company be changed from “Royal Century Resources Holdings Limited” to “China New Holdings Limited” and the Chinese name of the Company be changed from “仁德資源控股有限公司” to “中新控股有限公司” (the “**Change of Company Name**”) and that the Directors be and are hereby authorised to do all such acts and things and to sign, execute, seal (where required) and deliver all such documents and to take all such steps as the Directors in their discretion may consider necessary, appropriate, desirable or expedient to give effect to or to implement the Change of Company Name.”

By order of the Board  
**Royal Century Resources Holdings Limited**  
**Law Hok Yu**  
*Executive Director and Company Secretary*

Hong Kong, 27 January 2025

*Registered office and principal place of business:*  
Suite 2201, 22/F  
China Resources Building  
26 Harbour Road, Wanchai  
Hong Kong

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## NOTICE OF GM

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*Notes:*

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the Meeting (i.e. 11:00 a.m. on Friday, 14 February 2025) or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the Meeting or any adjournment thereof, should he so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from Tuesday, 11 February 2025 to Monday, 17 February 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Meeting, all transfers accompanied by the relevant share certificate(s), must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 10 February 2025.
4. A form of proxy for use at the Meeting is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.royalcentury.hk](http://www.royalcentury.hk)).
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the meeting will be postponed. The Company will post an announcement on the websites of the Company at [www.royalcentury.hk](http://www.royalcentury.hk) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify members of the date, time and place of the rescheduled meeting.