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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 30 JUNE 2019**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG  
LIMITED (THE “STOCK EXCHANGE”)**

**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.**

*This announcement, for which the directors (the “Directors”) of Royal Century Resources Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## THE FIRST QUARTERLY RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Royal Century Resources Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2019, together with the comparative unaudited figures for the corresponding period in 2018 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2019

		For the three months ended 30 June	
		2019	2018
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
Revenue	3	5,698	9,101
Cost of sales		<u>(5,385)</u>	<u>(6,595)</u>
<b>Gross profit</b>		<b>313</b>	<b>2,506</b>
Other income	4	232	762
Other gains, net	5	129	–
Administrative expenses		(7,008)	(7,318)
Finance costs	6	<u>(218)</u>	<u>(56)</u>
<b>Loss before tax</b>	7	<b>(6,552)</b>	<b>(4,106)</b>
Income tax expense	8	<u>–</u>	<u>–</u>
<b>Loss for the period attributable to owners of the Company</b>		<b><u>(6,552)</u></b>	<b><u>(4,106)</u></b>
<b>Other comprehensive income/(expenses) for the period</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>–</u>	<u>(100)</u>
<b>Total comprehensive expenses for the period attributable to owners of the Company</b>		<b><u>(6,552)</u></b>	<b><u>(4,206)</u></b>
<b>Loss per share</b>			
Basic and diluted ( <i>HK cents</i> )	9	<b><u>(1.50)</u></b>	<b><u>(1.13)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Share capital <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the three months ended 30 June 2019</b>				
At 1 April 2019 (audited)	168,887	(64,350)	(124)	104,413
Loss for the period	–	(6,552)	–	(6,552)
Other comprehensive expense for the period	–	–	–	–
Total comprehensive expenses for the period	–	(6,552)	–	(6,552)
<b>At 30 June 2019 (unaudited)</b>	<b>168,887</b>	<b>(70,902)</b>	<b>(124)</b>	<b>97,861</b>
<b>For the three months ended 30 June 2018</b>				
At 1 April 2018 (audited)	154,851	(44,034)	(33)	110,784
Loss for the period	–	(4,106)	–	(4,106)
Other comprehensive expense for the period	–	–	(100)	(100)
Total comprehensive expense for the period	–	(4,106)	(100)	(4,206)
<b>At 30 June 2018 (unaudited)</b>	<b>154,851</b>	<b>(48,140)</b>	<b>(133)</b>	<b>106,578</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

*For the three months ended 30 June 2019*

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. Other than subsidiaries operating in Singapore and the People’s Republic of China (the “PRC”) of which functional currency is Singapore dollars and Renminbi respectively, the functional currency of the Company and other subsidiaries is HK\$.

The financial information relating to the year ended 31 March 2019 included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company will deliver the financial statements for the year ended 31 March 2019 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap.622) in due course.

The Company’s auditor has reported on the consolidated financial statements for the year ended 31 March 2019 of the Group. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or 407(3) of the Companies Ordinance (Cap. 622).

## 2. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The significant accounting policies that have been used in the preparation of the Group's condensed consolidated financial statements for the three months ended 30 June 2019 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019, except as described below.

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 April 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs	Annual Improvements to HKFRS Standards 2015-2017 Cycle

The impact of the adoption of HKFRS 16 Leases is disclosed in Note 2.1 below. Other new or amended standards and interpretation did not have any material impact on the Group's accounting policies.

### 2.1 Changes in Accounting Policies

#### *HKFRS 16 Leases*

The Group has adopted HKFRS 16 Leases retrospectively from 1 April 2019 but has not restated comparatives for the year ended 31 March 2019 reporting period as permitted under the specific transition provisions in the standard.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases.

The Group leases certain properties as office premises and warehouses. Property leases are typically made for fixed periods of one to three years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. Property leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liabilities and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable if any.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from fitting out and engineering services provided, design and procurement of furnishings and related products services provided, rental income from leasing of construction equipment, sale of fine and rare wines and interest income from money lending. No revenue has yet been generated from the financial services business during the period.

An analysis of the Group's revenue for the period is as follows:

	<b>For the three months ended 30 June</b>	
	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Fitting out and engineering services income	<b>1,096</b>	3,737
Design and procurement of furnishings and related product services income	<b>300</b>	4,290
Rental income from leasing of construction equipment	<b>41</b>	–
Sale of fine and rare wines	<b>4,081</b>	109
Interest income from money lending	<b>180</b>	965
	<b>5,698</b>	9,101

**For the three months  
ended 30 June**

	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>

**Revenue from contracts with customer:**

**Revenue recognised at a point in time**

– Sale of fine and rare wines	4,081	109
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**Revenue recognised over time**

– Fitting out and engineering services income	1,096	3,737
– Design and procurement of furnishings and related product services income	300	4,290
	<b>5,477</b>	8,136

**Revenue from other sources:**

Rental income from leasing of construction equipment	41	–
Interest income from money lending	180	965
	<b>180</b>	965

Total segment revenue	<b>5,698</b>	9,101
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Information reported to the Chief Executive Officer (the “CEO”), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CEO have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- (a) Provision of fitting out and engineering services comprising design and fitting out services and other engineering works and maintenance services (“Fitting out and engineering services”);
- (b) Provision of design and procurement of furnishings and related products services (“Design and procurement of furnishings and related products services”);
- (c) Leasing of construction equipment business (“Leasing of construction equipment”);
- (d) Sourcing and merchandising of fine and rare wines (“Wines merchandising”);
- (e) Money lending (“Money lending”); and
- (f) Financial services business comprising provision of advising on securities and securities dealing and brokerage services and asset management services (“Financial services”).

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

### For the three months ended 30 June 2019

	Fitting out and engineering services <i>HK\$'000</i> (unaudited)	Design and procurement of furnishings and related products services <i>HK\$'000</i> (unaudited)	Leasing of construction equipment <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Money lending <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	<u>1,096</u>	<u>300</u>	<u>41</u>	<u>4,081</u>	<u>180</u>	<u>-</u>	<u>5,698</u>
Segment (loss)/profit	<u>(1,328)</u>	<u>(668)</u>	<u>(2,346)</u>	<u>74</u>	<u>(86)</u>	<u>(261)</u>	<u>(4,615)</u>
Other income							209
Other gains/(losses), net							129
Central administrative costs							(2,150)
Finance costs							<u>(125)</u>
Loss before tax							<u>(6,552)</u>

### For the three months ended 30 June 2018

	Fitting out and engineering services <i>HK\$'000</i> (unaudited)	Design and procurement of furnishings and related products services <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Money lending <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	<u>3,737</u>	<u>4,290</u>	<u>109</u>	<u>965</u>	<u>-</u>	<u>9,101</u>
Segment (loss)/profit	<u>(1,268)</u>	<u>(524)</u>	<u>12</u>	<u>696</u>	<u>(242)</u>	<u>(1,326)</u>
Other income						203
Central administrative costs						(2,927)
Finance costs						<u>(56)</u>
Loss before tax						<u>(4,106)</u>



The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of certain other income, central administrative costs (including directors' emoluments) and finance costs. This is the measure reported to the CEO for the purposes of resource allocation and performance assessment.

#### 4. OTHER INCOME

	For the three months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Rental income	186	190
Bank interest income	16	1
Sundry income	30	571
	<u>232</u>	<u>762</u>

#### 5. OTHER GAINS, NET

	For the three months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Net gain on disposal of plant and equipment	129	–

#### 6. FINANCE COSTS

	For the three months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Interest on:		
– Secured bank borrowings wholly repayable beyond five years	–	55
– Finance lease	–	1
– Lease liabilities	218	–
	<u>218</u>	<u>56</u>

## 7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	For the three months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Salaries and wages included in cost of sales	292	57
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution retirement benefits scheme)	1,191	1,128
Salaries, wages and other benefits (excluding directors' emoluments)	1,711	2,760
Contribution to defined contribution retirement benefits scheme (excluding directors)	64	102
	<u>3,258</u>	<u>4,047</u>
Auditor's remuneration	–	–
Depreciation of plant and equipment	676	551
Depreciation of right-of-use asset	1,446	–
Minimum lease payments under operating leases in respect of office premises ( <i>Note</i> )	504	1,390
Gross rental income less outgoings	<u>(155)</u>	<u>(153)</u>

*Note:*

According to HKFRS16 Leases, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

## 8. INCOME TAX EXPENSE

The major components of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income are:

	<b>For the three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax:		
Hong Kong profits tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

No Hong Kong Profits Tax has been provided as the Group has no estimated assessable profits for the three months ended 30 June 2019 and 2018.

Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the BVI.

No Singapore Corporate Tax has been provided as there is no estimated assessable profit for both periods.

The PRC corporate income tax in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

The PRC tax law imposes a withholding tax at 10%, unless reduced by a tax treaty, for dividends distributed by PRC subsidiaries to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008.

No PRC corporate income tax has been provided as there is no estimated assessable profit for both periods.

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following information:

### Loss for the period

	For the three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share	<u>(6,552)</u>	<u>(4,106)</u>

### Number of shares

	For the three months ended 30 June	
	2019	2018
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>435,600</u>	<u>363,000</u>

	For the three months ended 30 June	
	2019	2018
	<i>HK cent</i>	<i>HK cent</i>
	(Unaudited)	(Unaudited)
Basic and diluted	<u>(1.50)</u>	<u>(1.13)</u>

Since there were no potential dilutive shares in issue during the three months ended 30 June 2019 and 2018, basic and diluted loss per share are the same for both periods.

## 10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

Royal Century Resources Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in (i) provision of fitting out and engineering services comprising design and fitting out services and other engineering works and maintenance services, (ii) provision of design and procurement of furnishings and related products services, (iii) leasing of construction equipment which was developed and established during the year ended 31 March 2019 with operation commenced in the current period, (iv) sourcing and merchandising of fine and rare wines and (v) money lending. The Group has also expanded its business segments into the financial services business comprising provision of advising on securities and securities dealing and brokerage services and asset management services despite no revenue has yet been generated from this segment.

### Financial Review

#### *Revenue*

The Group’s revenue is mainly generated from (i) provision of fitting out and engineering services; (ii) provision of design and procurement of furnishings and related products services; (iii) leasing of construction equipment; (iv) sourcing and merchandising of fine and rare wines; and (v) money lending. No revenue has yet been generated from the financial services business during the current period.

Breakdown of revenue by types of business is as follows:

	<b>For the three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Fitting out and engineering services income	<b>1,096</b>	3,737
Design and procurement of furnishings and related products services income	<b>300</b>	4,290
Rental income from leasing of construction equipment	<b>41</b>	–
Sale of fine and rare wines	<b>4,081</b>	109
Interest income from money lending	<b>180</b>	965
	<b><u>5,698</u></b>	<b><u>9,101</u></b>

Breakdown of revenue by geographical locations is as follows:

	<b>For the three months ended 30 June</b>	
	<b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> (Unaudited)
Hong Kong	<b>5,698</b>	4,811
Malaysia	<u>–</u>	<u>4,290</u>
	<b><u>5,698</u></b>	<b><u>9,101</u></b>

The total revenue for the three months ended 30 June 2019 of the Group was approximately HK\$5.7 million (three months ended 30 June 2018: HK\$9.1 million) which represents approximately HK\$3.4 million or 37.4% decrease as compared to the last corresponding period. Such decrease was attributable to the decrease in number of projects of both fitting out and engineering services and design and procurement of furnishings and related products services when compared with last corresponding period. Revenue generated from these two segments decreased from last corresponding period's aggregate amount of approximately HK\$8.0 million to approximately HK\$1.4 million for the current reporting period.

As mentioned in the latest annual report dated 12 June 2019, the leasing of construction equipment business segment has successfully commenced its operation and recorded rental income of approximately HK\$0.04 million during the current period.

Through successfully re-structuring of the operation and re-activation of the sourcing and merchandising of fine and rare wines business in the last quarter of last year, the Group has developed and maintained a stable relationship with its customers and suppliers and acquired repeated orders during the current period. The segment recorded revenue of approximately HK\$4.1 million for the three months ended 30 June 2019, with a significant increase of approximately HK\$4.0 million from last corresponding period of approximately HK\$0.1 million.

The revenue from money lending amounted to approximately HK\$0.2 million for the three months ended 30 June 2019, with a decrease of approximately HK\$0.8 million from last corresponding period of approximately HK\$1.0 million due to reduction in loan portfolio of the current reporting period as compared to the last corresponding period.

### ***Gross profit/(loss) for the period***

For the three months ended 30 June 2019, the Group recorded a gross profit of approximately HK\$0.3 million (three months ended 30 June 2018: HK\$2.5 million) and the overall gross profit margin was approximately 5.5% (three months ended 30 June 2018: 27.5%). Gross profit/(loss) and gross profit/(loss) margin by types of business is as follows:

	<b>Gross profit/(loss) for the three months ended 30 June</b>		<b>Gross profit/(loss) margin for the three months ended 30 June</b>	
	<b>2019</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>2018</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>2019</b> <b>%</b> <b>(unaudited)</b>	<b>2018</b> <b>%</b> <b>(unaudited)</b>
Fitting out and engineering services	<b>34</b>	655	<b>3.1</b>	17.5
Design and procurement of furnishings and related products services	<b>221</b>	858	<b>73.8</b>	20.0
Leasing of construction equipment	<b>(209)</b>	NA	<b>(516.2)</b>	NA
Sourcing and merchandising of fine and rare wines	<b>86</b>	28	<b>2.1</b>	25.7
Money lending	<b>181</b>	965	<b>100.0</b>	100.0
	<b>313</b>	<b>2,506</b>	<b>5.5</b>	<b>27.5</b>

During the three months ended 30 June 2019, the overall gross profit of the Group amounted to approximately HK\$0.3 million, with a decrement of approximately HK\$2.2 million from last corresponding period of approximately HK\$2.5 million.

The gross profit of both fitting out and engineering services and design and procurement of furnishings and related products services was decreased by approximately HK\$1.3 million (in aggregate) resulting from (i) the decrease in the overall number of completed projects during the current period; and (ii) increase in direct material cost in a waterproofing project and decrease in revenue from overseas projects.

A gross loss of approximately HK\$0.2 million was recorded from leasing of construction equipment for the three months ended 30 June 2019 which was mainly attributable to the depreciation of the construction equipment. The Group has strategically offering attractive pricing to new customers in the initial stage of business development in order to establish the customer base and relationship with the customers. The depreciation of the construction equipment also attributed to the gross loss recorded for this segment as the construction equipment have not been fully leased out at the commencement of the business.

The gross profit from sourcing and merchandising of fine and rare wines increased by only approximately HK\$58,000 for the three months ended 30 June 2019 as a comparatively low profit margin was recorded to retain existing customers and to attract new customers for the sustainability and growth of the business.

The gross profit from money lending decreased by approximately HK\$0.8 million from the last corresponding period of approximately HK\$1.0 million to the current period of approximately HK\$0.2 million due to reduction in the loan portfolio during the current period.

There was a drop in the Group's overall gross profit margin from last corresponding period of approximately 27.5% to the current reporting period of approximately 5.5% mainly attributable to the drop in the gross profit margin from fitting out and engineering services and sourcing and merchandising of fine and rare wines and the gross loss recorded by the leasing of construction equipment.

### ***Loss for the period***

Besides the drop in the gross profit for the period of approximately HK\$2.2 million as mentioned above, the Group's overall administrative expenses slightly decreased by approximately HK\$0.3 million or approximately 4.2% from last corresponding period of approximately HK\$7.3 million to approximately HK\$7.0 million for the three months ended 30 June 2019 as a result of the decrease in staff costs.

As a result, loss for the three months ended 30 June 2019 was approximately HK\$6.6 million (three months ended 30 June 2018: HK\$4.1 million), representing an increase in loss of approximately HK\$2.5 million or approximately 59.6%.

## **Business Review and Prospects**

### ***Provision of fitting out and engineering services***

The Group had 3 brought forward fitting out and engineering projects (2 fitting out projects and 1 waterproofing project) and 4 new fitting out projects totalling 7 projects (three months ended 30 June 2018: 15 projects), of which 3 fitting out projects and 1 waterproofing project have been completed during the current period (three months ended 30 June 2018: 7 projects). As a result, there were 3 fitting out projects in progress as at 30 June 2019, all of which are in Hong Kong.



The 3 carried forward projects are expected to be completed in the coming few months. As mentioned in the annual report dated 12 June 2019, the Group mainly provided fitting out services to commercial institutions and residence end-users and further extended its scope of services to include the waterproofing works and maintenance and to date, the Group has been invited by several existing and potential customers to submit tenders regarding the provision of waterproofing works and maintenance services during the current period. In face of the keen competition of fitting out services, the Group has actively sought for business opportunities by exploring for new customers and new projects in order to strengthen its customer and revenue base for maximization of the return to the shareholders and the value of the Group.

### ***Provision of design and procurement of furnishings and related products services***

The Group had 2 brought forward projects in progress as at 30 June 2019, all of which are in Malaysia.

In addition, the Group entered into an agreement with a business partner, in which the Group received a fixed monthly fee for provision of showroom display service apart from sales order made by the Group.

The Group will further integrate its expertise and look for business opportunities together with the fitting out projects.

### ***Leasing of construction equipment business***

As mentioned in the annual report dated 12 June 2019, the leasing of construction equipment business segment was developed as a natural expansion of and ancillary to the existing principal business of the Group in last year. The business segment successfully and gradually commenced its operation and recorded rental income during the current period. As at the date of this announcement, the Group has received approximately 671.5 tons of the scaffolding equipment and 5 leasing contracts have been entered. The Group has delivered the scaffolding equipment according to the demand schedule and project progress of the customers during the three months ended 30 June 2019.

To achieve the objective of promoting economic growth through infrastructural development, the Hong Kong government has been increasing its infrastructure investment over the past few years. The Group expects that the positive growth of the construction industry will favour the development of our leasing of construction equipment business at the same time. The Group expects the leasing of construction equipment business will further enrich the income stream to the revenue of the Group.

### ***Sourcing and merchandising of fine and rare wines***

Through successfully re-structuring of the operation and re-activation of the sourcing and merchandising of fine and rare wines business in the last quarter of last year, the Group has developed and maintained a stable relationship with its customers and suppliers and securing recurring orders during the current period. The Group will actively in identification of suppliers and more potential customers to sustain the development of this business. The Group expects the wine merchandising business will continue to attribute a stable and solid income stream to the Group.

### ***Money lending business***

The Group's money lending business maintained a loan portfolio with principal amount of approximately HK\$6.3 million as at 30 June 2019 as compared with principal amount of approximately HK\$23.5 million as at 30 June 2018. The Group recognized an aggregate interest income of approximately HK\$0.2 million for the three months ended 30 June 2019 (three months ended 30 June 2018: HK\$1.0 million). The interest income was narrowing in line with the reduction in loan portfolio.

The Group continues to adopt a prudent management approach to carry out the money lending business in order to minimize its credit risk exposure and ensure a healthy development in its money lending business while proactively exploring and seeking for high creditworthiness borrowers to have steady revenue base.

### ***Financial services business***

The Group has not yet commenced its financial service business during the three months ended 30 June 2019. The Group is now in formulation of the business plan for the financial services business.

### ***Other business development***

Besides the above business development, the Group is proactively seeking for business opportunities and exploring new investment opportunities in order to further diversify the principal activities of the Group to strengthen and broaden its revenue base. The Board believes the expansion of business segments will bring the Group to a new chapter which will further foster the development of the Group into a successful conglomerate.

## **Liquidity and Financial Resources**

During the three months ended 30 June 2019, the Group financed its operations by its internal resources. As at 30 June 2019, the Group had net current assets of approximately HK\$31.9 million (31 March 2019: HK\$50.6 million), including cash and bank balances of approximately HK\$23.8 million (31 March 2019: HK\$27.0 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.3 times as at 30 June 2019 (31 March 2019: 7.5 times). The decrease in the current ratio during the three months ended 30 June 2019 was mainly attributable to payment for acquisition of scaffolding equipment and recognition of the lease liabilities arising from the initial application of HKFRS 16 during the current period.

## **Capital Structure and Gearing**

The capital of the Group comprised only ordinary shares. There was no movement in the share capital of the Group during the three months ended 30 June 2019. Total equity attributable to owners of the Company amounted to approximately HK\$97.9 million as at 30 June 2019 (31 March 2019: HK\$104.4 million).

As at 30 June 2019, the Group's only borrowings comprised lease liabilities of approximately HK\$16.2 million (31 March 2019: nil). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 16.5% (31 March 2019: nil). The increase in the gearing ratio during the three months ended 30 June 2019 was mainly attributable to the recognition of the lease liabilities arising from the initial application of HKFRS 16 during the current period.

## **Use of Proceeds from Placing of New Shares Under General Mandate**

Reference is made to the announcements issued by the Company on 1 November 2018 and 26 November 2018 in relation to the placing of new shares under general mandate.

On 1 November 2018, the Group and a placing agent entered into a placing agreement, pursuant to which the Group has appointed the placing agent to procure altogether not less than six independent placees for placing up to an aggregate of 72,600,000 placing shares at a placing price of HK\$0.20 per placing share (the "Placing"). The closing price per share on that date was HK\$0.21.

The Placing was completed on 26 November 2018 with gross and net proceeds of approximately HK\$14.5 million (equivalent to HK\$0.20 per placing share) and HK\$13.8 million (equivalent to approximately HK\$0.19 per placing share), respectively. The Company intended to use all the net proceeds as to approximately HK\$13.8 million for the purchase of construction equipment for leasing purpose.

	<b>Planned use of proceeds as described in the announcement dated 1 November 2018 <i>HK\$'000</i></b>	<b>Actual use of proceeds up to 31 March 2019 <i>HK\$'000</i></b>	<b>Actual use of proceeds up to the end of the reporting period <i>HK\$'000</i></b>	<b>Actual use of proceeds up to date of this announcement <i>HK\$'000</i></b>
Net proceeds from the Placing				
– Purchase of construction equipment	<u>13,800</u>	<u>4,800</u>	<u>7,514</u>	<u>9,002</u>

## **Dividend**

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2019.

## **Charges on Group Assets**

As at 30 June 2019, the Group did not pledge any of its assets.

## **Significant Acquisition and Disposal**

There has been no significant acquisition and disposal of subsidiaries or assets of the Group during the three months ended 30 June 2019.

## Contingent Liabilities

On 9 December 2015, a supplier has filed a statement of claim for cost dispute of approximately HK\$1,000,000 against a subsidiary of the Group. As at date of the announcement, no proceeding has been occurred. Based on the legal advice, the directors of the Company are of the opinion that the Group has meritorious defences against the supplier. Therefore, no provision for this claim has been made in the condensed consolidated financial statements for the three months ended 30 June 2019.

## Commitment

### *Capital commitments*

As at 30 June 2019, the Group had the following capital commitments:

	<i>HK\$'000</i>
Contracted but not provided for:	
– Acquisition of construction equipment	8,437
– Development of construction equipment management system	<u>125</u>
	<u><u>8,562</u></u>

### *Operating lease commitments*

#### *The Group as lessee*

As at 30 June 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases in relation to short-term leases and leases of low-value assets, falling due as follows:

	<i>HK\$'000</i>
Within one year	<u>596</u>
	<u><u>596</u></u>

## *The Group as lessor*

As at 30 June 2019, the Group had contracted with tenants for the following future minimum lease payments:

	<i>HK\$'000</i>
Within one year	420
In the second to fifth years inclusive	<u>41</u>
	<u><u>461</u></u>

## **Employees and Remuneration Policies**

As at 30 June 2019, the Group employed 27 (30 June 2018: 37) employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

Total remuneration for the three months ended 30 June 2019 (including Directors' emoluments and salaries to staff and Directors including MPF contributions) was approximately HK\$3.3 million (three months ended 30 June 2018: HK\$4.0 million). The decrease in the remuneration was mainly due to the decrease in the number of employees.

## **OTHER INFORMATION**

### **Interests and Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation**

As at 30 June 2019, none of the Directors or the chief executive of the Company (the "Chief Executive") have the interests and short positions in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

## Interests and Short Positions of Substantial Shareholders of the Company in the Shares and Underlying Shares of the Company

As at 30 June 2019, so far as is known to the Directors and the Chief Executive and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interest and short positions of the persons or corporations (other than the Directors and the Chief Executive) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

### *Long position in ordinary shares of the Company*

Name of shareholder	Capacity/Nature of interests in capital	Number of Shares held	Approximate percentage of the issued Shares
Time Vanguard Holdings Limited ( <i>Notes 1</i> )	Beneficial owner	50,000,000	11.48%
China Huarong International Holdings Limited ( <i>Note 1</i> )	Interest of a controlled Corporation	50,000,000	11.48%
Huarong Real Estate Co., Ltd. ( <i>Note 1</i> )	Interest of a controlled corporation	50,000,000	11.48%
China Huarong Asset Management Co., Ltd. ( <i>Note 1</i> )	Interest of a controlled corporation	50,000,000	11.48%
Mr. Wang Shengdong	Beneficial owner	45,484,000	10.44%

#### *Notes:*

- 50,000,000 Shares are registered in the name of Time Vanguard Holdings Limited, which is wholly-owned by China Huarong International Holdings Limited (“Huarong International”). Huarong International is a jointly-owned as to 11.9% by Huarong Zhiyuan Investment & Management Co., Ltd. (“Huarong Zhiyuan”) and 88.1% by Huarong Real Estate Co., Ltd. (“Huarong Real Estate”). Each of Huarong Zhiyuan and Huarong Real Estate is wholly-owned by China Huarong Asset Management Co., Ltd. (“China Huarong”). Accordingly, each of Huarong International, Huarong Real Estate and China Huarong is deemed to be interested in the relevant Shares under the SFO.

Save as disclosed above, as at 30 June 2019, there was no person or corporation (other than the Directors and the Chief Executive) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

## **Other Interests Discloseable under the SFO**

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short positions in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

## **Share Option Scheme**

The share option scheme enables the Company to grant options to any full-time or part time employee of the Company or any member of the Group (the “Eligible Participant”) as incentives or rewards for their contributions to the Group. The Company conditionally adopted a share option scheme (the “Scheme”) on 30 June 2014 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the Shares of the company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the date of adoption of the Scheme.

Upon acceptance of an option (the “Option”) to subscribe for shares granted pursuant to the Scheme, the Eligible Participant shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 21 days from the date on which the Option is granted. The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each participant and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a day on which trading of Shares take place on the Stock Exchange (the “Trading Day”); and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 Trading Days immediately preceding the date of grant of the Options.

The Company shall be entitled to issue options, provided that the total number of Shares which may issue upon exercise of all options to be granted under the Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders’ approval and the issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issued at the time. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

As at the date of this announcement, the total number of Shares available for issue under the Scheme is 30,000,000 Shares representing 10% of the issued shares immediately after the completion of the Listing of the Shares on 18 July 2014 and representing 6.89% of the issued Shares as at 30 June 2019.

Since the adoption of the Scheme, no share option has been granted by the Company.



## **Directors' Right to Acquire Shares**

At no time during the three months ended 30 June 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate. At no time during the three months ended 30 June 2019 had the Directors and the Chief Executive (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the shares (or warrants or debentures, is applicable) of the Company and its associated corporations (within the meaning of the SFO).

## **Directors' Securities Transactions**

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. No Director has dealt in the shares of the Company during the three months ended 30 June 2019. Following specific enquiry by the Company, all Directors confirmed that they have complied with such code of conduct throughout the three months ended 30 June 2019.

## **Purchase, Sale or Redemption of Shares**

During the three months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

## **Equity-Linked Agreements**

No equity-linked agreements were entered into by the Group or existed during the three months ended 30 June 2019.

## **Sufficiency of Public Float**

From information publicly available to the Company and within the knowledge of the Directors, during the three months ended 30 June 2019, the Company has maintained the public float required by the GEM Listing Rules.

## Competing Interests

During the three months ended 30 June 2019 and up to the date of this announcement, a Director's interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules were as follows:

Director	Name of company	Nature of business	Nature of interests
Mr. Chan Chi Yuen	Noble Century Investments Holdings Limited ("Noble Century") and its subsidiaries	Money lending business	Executive director and chief executive officer of Noble Century
Mr. Liu Rongsheng	China Ocean Fishing Holdings Limited ("China Ocean") and its subsidiaries	Money lending business	Chairman, executive director and chief executive officer of China Ocean

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

Save as disclosed above, none of the Directors was interested in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group during the three months ended 30 June 2019.

## Corporate Governance Practices

The Board considers that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules to ensure that business activities and decision making processes are regulated in a proper and prudent manner. In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a remuneration committee, a nomination committee and a compliance committee with specific written terms of reference. During the three months ended 30 June 2019, the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the three months ended 30 June 2019.

## **Audit Committee**

The audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors and is chaired by Mr. Chan Chiu Hung Alex. The other members are Mr. Wu Zhao and Mr. Lam Cheok Va. The primary duties of the Audit Committee are to review and supervise the Group’s financial reporting process, risk management and the internal control systems of the Group.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the three months ended 30 June 2019 with the management in connection with the compliance of the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal or disclosure requirements.

## **Forward Looking Statements**

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this Management Discussion and Analysis or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

## **PUBLICATION OF FIRST QUARTERLY RESULTS AND FIRST QUARTERLY REPORT**

This results announcement is 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)). The first quarterly report of the Company for the three months ended 30 June 2019 containing all the information required by the GEM Listing Rules will be despatched to the Company’s shareholders and published on the above websites in due course.

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

Hong Kong, 2 August 2019

*As at the date of this announcement, the executive Directors are Mr. Chan Chi Yuen (Chairman), Mr. Liu Rongsheng (Chief Executive Officer), Mr. Wang Jun and Mr. Zhang Weijie; the non-executive Director is Mr. Tsang Kei Cheong; and the independent non-executive Directors are Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of the Company at [www.royalcentury.hk](http://www.royalcentury.hk).*