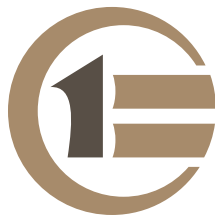


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Royal Century Resources Holdings Limited
仁德資源控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 8125)

FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2020

CHARACTERISTICS OF GEM (“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 “Director(s)”) 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 the directors (the “Director(s)”) of Royal Century Resources Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2020 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2020

	Notes	For the three months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	15,925	5,698
Cost of sales		(12,701)	(5,385)
Gross profit		3,224	313
Other income	5	307	232
Other gains, net	6	7	129
Allowance for ECL on loan and interest receivables		(6)	–
Allowance for ECL on trade receivables		(78)	(200)
Allowance for ECL on contract assets		(2)	–
Administrative expenses		(5,233)	(6,808)
Finance costs	7	(247)	(218)
Loss before tax	8	(2,028)	(6,552)
Income tax expense	9	–	–
Loss for the period attributable to owners of the Company		(2,028)	(6,552)
Other comprehensive loss for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		–	–
Total comprehensive loss for the period attributable to owners of the Company		(2,028)	(6,552)
Loss per share			
Basic and diluted (HK cents)	10	(0.39)	(1.50)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 JUNE 2020

	Share capital	Accumulated losses	Exchange reserve	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>For the three months ended 30 June 2020</i>				
At 1 April 2020 (audited)	175,595	(92,464)	(138)	82,993
Loss for the period	–	(2,028)	–	(2,028)
Other comprehensive loss for the period	–	–	–	–
Total comprehensive loss for the period	–	(2,028)	–	(2,028)
At 30 June 2020 (unaudited)	<u>175,595</u>	<u>(94,492)</u>	<u>(138)</u>	<u>80,965</u>
<i>For the three months ended 30 June 2019</i>				
At 1 April 2019 (audited)	168,887	(64,350)	(124)	104,413
Loss for the period	–	(6,552)	–	(6,552)
Other comprehensive loss for the period	–	–	–	–
Total comprehensive loss for the period	–	(6,552)	–	(6,552)
At 30 June 2019 (unaudited)	<u>168,887</u>	<u>(70,902)</u>	<u>(124)</u>	<u>97,861</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2020

1. GENERAL

Royal Century Resources Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group”) was incorporated in Hong Kong with limited liability and its shares are listed on GEM (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office and the principal place of business of the Company is situated at Suite 2201, 22/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Company is an investment holding company while the Group is principally engaged in (i) provision of fitting out and engineering, design and procurement of furnishings and related products services, (ii) leasing of construction equipment, (iii) sourcing and merchandising of fine and rare wines and (iv) provision of financial services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2020 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 2020 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 2020 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 2020 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).

3. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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 2020 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020, 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 2020:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business

The application of these new and amendments to HKASs and HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

New/revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKASs and HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 16	COVID-19-Related Rent Concession ¹
HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective date to be determined

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs will not have any significant impact on these unaudited condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents income arising from fitting out and engineering services provided, design and procurement of furnishings and related products services provided, rental and installation services income from leasing of construction equipment, sale of fine and rare wines, interest income from money lending and commission income from introducing brokerage services.

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

	For the three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services income	10,231	1,396
Rental income from leasing of construction equipment	1,729	41
Sale of fine and rare wines	3,773	4,081
Interest income from money lending	188	180
Commission income from introducing brokerage services	4	–
	15,925	5,698

For the three months ended 30 June	
2020	2019
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Revenue from contracts with customer within HKFRS 15:

Revenue recognised at a point in time

– Sale of fine and rare wines	3,773	4,081
– Commission income from introducing brokerage services	4	–

Revenue recognised over time

– Design, fitting out and engineering services income	10,231	1,396
	14,008	5,477

Revenue from other sources:

Rental income from leasing of construction equipment	1,729	41
Interest income from money lending	188	180

Total segment revenue	15,925	5,698
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Information reported to the executive directors, 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. During the current period, the design and procurement of furnishings and related products services segment has been consolidated into the fitting out and engineering services segment in order to concentrate the resources of similar services activities and reflect a more appropriate co-related nature of the related services. The management considered that the change in segment disclosure better and clearly reflects the business development and structure of the Group, and helps the shareholders or the potential investors better understand the Group's revenue structure. The corresponding information for three months ended 30 June 2019 has been re-presented accordingly.

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

- (a) Provision of design, fitting out, engineering and procurement of furnishings and related products services ("Design, fitting out and engineering services");
- (b) Leasing of construction equipment ("Leasing of construction equipment");
- (c) Sourcing and merchandising of fine and rare wines ("Wines merchandising"); and
- (d) Financial services business comprising securities advisory services, securities dealing and brokerage services and asset management services and money lending ("Financial services business").

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 2020

	Design, fitting out and engineering services <i>HK\$'000</i> (unaudited)	Leasing of construction equipment <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Financial services business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	<u>10,231</u>	<u>1,729</u>	<u>3,773</u>	<u>192</u>	<u>15,925</u>
Segment profit/(loss)	<u>1,352</u>	<u>(985)</u>	<u>276</u>	<u>(450)</u>	193
Unallocated:					
Other income					261
Central administrative costs					(2,408)
Finance costs					<u>(74)</u>
Loss before tax					<u>(2,028)</u>

For the three months ended 30 June 2019

	Design, fitting out and engineering services <i>HK\$'000</i> (unaudited)	Leasing of construction equipment <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Financial services business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	<u>1,396</u>	<u>41</u>	<u>4,081</u>	<u>180</u>	<u>5,698</u>
Segment (loss)/profit	<u>(1,996)</u>	<u>(2,346)</u>	<u>74</u>	<u>(347)</u>	(4,615)
Unallocated:					
Other income					209
Other gains, net					129
Central administrative costs					(2,150)
Finance costs					<u>(125)</u>
Loss before tax					<u>(6,552)</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, certain other gains-net, central administrative costs (including directors' emoluments) and certain finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	For the three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Rental income	201	186
Bank interest income	–	16
Sundry income	106	30
	<u>307</u>	<u>232</u>
	<u>307</u>	<u>232</u>

6. OTHER GAINS, NET

	For the three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	7	129
	<u>7</u>	<u>129</u>
	<u>7</u>	<u>129</u>

7. FINANCE COSTS

	For the three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– Lease liabilities	247	218
	<u>247</u>	<u>218</u>
	<u>247</u>	<u>218</u>

8. LOSS BEFORE TAX

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

	For the three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries and wages included in cost of sales	221	292
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	823	1,191
Salaries, wages and other benefits (excluding directors' emoluments)	1,461	1,711
Contribution to defined contribution plans (excluding directors' emoluments)	54	64
	<u>2,559</u>	<u>3,258</u>
Auditor's remuneration	–	–
Depreciation of property, plant and equipment (<i>Note</i>)	1,430	676
Depreciation of right-of-use assets	1,753	1,446
Lease payments under short-term leases on premises	31	504
Gross rental income less outgoings	<u>(163)</u>	<u>(155)</u>

Note:

Depreciation of property, plant and equipment for the three months ended 30 June 2020 amounted to approximately HK\$926,000 (three months ended 30 June 2019: HK\$250,000) was included in cost of sales.

9. INCOME TAX EXPENSE

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

	For the three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:		
Hong Kong profits tax	–	–
Deferred tax	–	–
	<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 2020 and 2019.

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.

10. 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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share	<u><u>(2,028)</u></u>	<u><u>(6,552)</u></u>

Number of shares

	For the three months ended 30 June	
	2020	2019
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>522,600</u></u>	<u><u>435,600</u></u>

	For the three months ended 30 June	
	2020	2019
	HK cents	HK cents
	(Unaudited)	(Unaudited)
Basic and diluted	<u><u>(0.39)</u></u>	<u><u>(1.50)</u></u>

Since there were no potential dilutive shares in issue during the three months ended 30 June 2020 and 2019, basic and diluted loss per share are the same for both periods.

11. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2020 (three months ended 30 June 2019: Nil).

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Royal Century Resources Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in (i) provision of design, fitting out and engineering services comprising design, fitting out, engineering and procurement of furnishings and related products services, (ii) leasing of construction equipment, (iii) sourcing and merchandising of fine and rare wines and (iv) provision of financial services business.

During the period, the provision of fitting out and engineering services segment and the provision of design and procurement of furnishings and related products services segment have been consolidated into the design, fitting out and engineering services segment in order to concentrate the resources of the design, fitting out and engineering services activities and reflect a more appropriate co-related nature of the design, fitting out and engineering services. The management considered that the change in segment disclosure better and clearly reflects our business development and structure, and helps the shareholders or the potential investor better understand the Group’s revenue structure.

FINANCIAL REVIEW

Revenue

The Group recorded a total revenue for the three months ended 30 June 2020 of approximately HK\$15.9 million (three months ended 30 June 2019: HK\$5.7 million), representing an increase of approximately HK\$10.2 million or 178.9% as compared with last corresponding period.

Breakdown of revenue by types of segment is as follows:

	For the three months ended 30 June	
	2020	2019
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services income	10,231	1,396
Rental income from leasing of construction equipment	1,729	41
Sale of fine and rare wines	3,773	4,081
Income from financial services	192	180
	15,925	5,698

Breakdown of revenue by geographical locations is as follows:

	For the three months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Hong Kong	<u>15,925</u>	<u>5,698</u>
	<u>15,925</u>	<u>5,698</u>

The significant increase of the Group's total revenue was mainly attributed by the design, fitting out and engineering services business for the three months ended 30 June 2020 of approximately HK\$10.2 million (three months ended 30 June 2019: HK\$1.4 million). Besides, the revenue from the leasing of construction equipment business has also attributed to the increase of the Group's total revenue. Such increase in the revenue of both the design, fitting out and engineering services business and the leasing of construction equipment business was the result of the effort made by the Group to tender and secure more design, fitting out and engineering projects with higher contract sums and the increase in the number of the leasing of construction equipment projects when compared with last corresponding period.

The revenue from the remaining two segments of sourcing and merchandising of fine and rare wines, and provision of financial services were maintained at the similar level as compared with last corresponding period.

Gross profit/(loss) for the period

For the three months ended 30 June 2020, the Group recorded a gross profit of approximately HK\$3.2 million (three months ended 30 June 2019: HK\$0.3 million) representing an increase of approximately HK\$2.9 million as compared with last corresponding period. The Group's overall gross profit margin was approximately 20.2% (three months ended 30 June 2019: 5.5%).

Gross profit/(loss) by types of segment is as follows:

	Gross profit/(loss) for the three months ended 30 June	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Design, fitting out and engineering services	1,917	255
Leasing of construction equipment	793	(209)
Sourcing and merchandising of fine and rare wines	322	86
Financial services business	<u>192</u>	<u>181</u>
	<u>3,224</u>	<u>313</u>

The increase in the Group's overall gross profit of approximately HK\$2.9 million was mainly due to the increase in that of design, fitting out and engineering services business of approximately HK\$1.7 million and the turnaround gross profit of the leasing of construction equipment business to approximately HK\$0.8 million from last corresponding period's gross loss of approximately HK\$0.2 million. Such increase was mainly due to the increase in the gross profit margin from the design, fitting out and engineering services business with significant increase in contract sums and the increase in rental income from the leasing of construction equipment business when compared with last corresponding period.

Loss for the period

During the three months ended 30 June 2020, although the Group has a gross profit of approximately HK\$3.2 million (three months ended 30 June 2019: HK\$0.3 million), the Group recorded a loss for the period of approximately HK\$2.0 million (three months ended 30 June 2019: HK\$6.6 million), representing a decrease in the loss for the period of approximately HK\$4.6 million or 69.7%.

Such decrease in loss for the period was resulting from (i) the increase in the Group's gross profit of approximately HK\$2.9 million and (ii) the Group's effort to reduce the administrative expenses by approximately HK\$1.6 million from last corresponding period of approximately HK\$6.8 million to the current period of approximately HK\$5.2 million mainly through the decrease in the staff costs of approximately HK\$0.6 million and the decrease in short term lease payment of approximately HK\$0.5 million.

BUSINESS REVIEW AND PROSPECTS

Design, fitting out and engineering services business

During the period, the Group has consolidated the two segments, namely the fitting out and engineering services segment and the design and procurement of furnishings and related products services segment into the design, fitting out and engineering services segment in order to concentrate and effectively utilise the resources of the previous two segments.

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

Since the second half of the year ended 31 March 2020, the Group has been proactively submitting tenders and managed to secure new projects. During the three months ended 30 June 2020, the Group has secured projects with contract sums of significantly higher than those for the year ended 31 March 2020, resulting with a significant increase in the revenue for the three months ended 30 June 2020. With these brilliant results, the Group is vigorously in negotiation with a number of other potential customers for the provision of design, fitting out and engineering services including provision of the public housing maintenance, improvement and vacant flat refurbishment works and services. The Group expects such exploration and strategy will further broaden and strengthen the income stream and the sustainable development of the design, fitting out and engineering services business with maximization of return of the shareholders and the value of the Group.

Leasing of construction equipment business

The Group had commenced to generate income from the leasing of construction equipment during the last corresponding period. The Group's leasing business has been in the initial growth and development phase during the last year and has rapid increase in number of customers and projects during the past few months. The Group has been building and consolidating business relationship with its existing customers with recurring orders and is able to explore new customers and conclude projects with significant contract sums. With the ongoing increase in number of customers and projects, the revenue generating therefrom has been increased significantly during the period. Although such growth rate may not be dramatically raised constantly, the leasing of construction equipment is relatively stable and low risk in nature which would progressively develop into an economic scale with considerable and sustainable income stream to the Group.

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

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

Sourcing and merchandising of fine and rare wines business

The Group has developed and maintained a stable business relationship with the customers and the suppliers. The Group has been securing and receiving recurring orders from the customers. The Group expects the wine merchandising would be a stable income stream of the Group and the Group would maintain the wine merchandising at a steady level of operations.

Financial services business

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

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

Certain commission income was also recognised from the introducing brokerage services during the period.

EVENTS AFTER THE REPORTING PERIOD

After the outbreak of the 2019 Novel Coronavirus (“COVID-19”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 and evaluate its impact on the financial position and operating results of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

During the three months ended 30 June 2020, the Group financed its operations by its internal resources. As at 30 June 2020, the Group had net current assets of approximately HK\$15.9 million (31 March 2020: HK\$17.8 million), including cash and bank balances of approximately HK\$9.2 million (31 March 2020: HK\$10.7 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.1 times as at 30 June 2020 (31 March 2020: 2.2 times). The slightly decrease in the current ratio was mainly attributable to payment for acquisition of scaffolding equipment 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 2020. Total equity attributable to owners of the Company amounted to approximately HK\$81.0 million as at 30 June 2020 (31 March 2020: HK\$83.0 million).

As at 30 June 2020, the Group’s only borrowings comprised lease liabilities of approximately HK\$18.8 million (31 March 2020: 20.4 million). The Group’s gearing ratio, calculated by dividing total borrowings by total equity, was approximately 23.2% (31 March 2020: 24.6%). The decrease in the gearing ratio was mainly attributable to the settlement of certain lease liabilities during the current period.

USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 12 November 2019 and 29 November 2019 in relation to the placing of new shares under general mandate.

On 12 November 2019, 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 places for placing up to an aggregate of 87,000,000 placing shares at a placing price of HK\$0.08 per placing share (the “Placing”). The closing price per share on that date was HK\$0.083.

The Placing was completed on 29 November 2019 with gross and net proceeds of approximately HK\$7.0 million (equivalent to HK\$0.08 per placing share) and HK\$6.5 million (equivalent to approximately HK\$0.075 per placing share), respectively. The Company intended to use all the net proceeds for the purchase of construction equipment for leasing purpose.

	Planned use of proceeds as described in the announcement dated 12 November 2019 HK\$'000	Actual use of proceeds up to 31 March 2020 HK\$'000	Actual use of proceeds up to 30 June 2020 HK\$'000	Actual use of proceeds up to date of this announcement HK\$'000
Net proceeds from the Placing				
– Purchase of construction equipment	6,500	4,500	6,500	6,500
	<u>6,500</u>	<u>4,500</u>	<u>6,500</u>	<u>6,500</u>

DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2020.

CHARGES ON GROUP ASSETS

As at 30 June 2020, the Group did not pledge any of its assets.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities.

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 2020.

COMMITMENT

Capital commitments

As at 30 June 2020, the Group had the following capital commitments:

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed 38 (30 June 2019: 27) 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 2020 (including emoluments and salaries to staff and Directors and MPF contributions) was approximately HK\$2.6 million (three months ended 30 June 2019: HK\$3.3 million). The decrease in the remuneration was mainly due to stringent control in staff remuneration.

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the three months ended 30 June 2020 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. None of the Directors nor the Chief Executive (including their spouses and children under 18 years of age) had any interest in, or been granted, or exercised any rights to subscribe for the shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO) during the three months ended 30 June 2020.

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 2020. 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 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 30 June 2020, 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 2020.

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 2020, the Company has maintained the public float required by the GEM Listing Rules.

COMPETING INTERESTS

During the three months ended 30 June 2020 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	Hong Kong ChaoShang Group Limited ("HK ChaoShang") and its subsidiaries	Money lending business and securities and asset management business	Executive director and chief executive officer of HK ChaoShang

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 2020.

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.

The Company has put in place internal policies to ensure the compliance and has adopted and complied with the code provisions set out in the CG Code during the period except for the following deviation from the Code provisions:

- Code provision A.2.1 stipulated that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Upon the resignation of the chief executive of the Company on 21 February 2020, no replacement has been made to fill the casual vacancy and the post of chief executive of the Company has remained vacant as at the date of this announcement. The duties of chief executive have been performed by other executive Directors. As there is a clear division of responsibilities of each Director, the vacancy of the post of chief executive did not have any material impact on the operations of the Group. Nevertheless, the Board will review the current structure from time to time and if a candidate with suitable knowledge, skill and experience is identified, the Board will make an appointment to fill the post of chief executive as appropriate.

CHANGES IN INFORMATION OF DIRECTOR

Mr. Chan Chi Yuen had resigned as an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351) on 14 July 2020.

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 2020 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.

PUBLICATION OF THE FIRST QUARTERLY RESULTS AND FIRST QUARTERLY REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.royalcentury.hk). The first quarterly report of the Company for the three months ended 30 June 2020 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.

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.

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

Hong Kong, 7 August 2020

As at the date of this announcement, the executive Directors are Mr. Chan Chi Yuen (Chairman), Mr. Wang Jun and Mr. Zhang Weijie; the non-executive Director is Mr. Tsang Kei Cheong; and the independent nonexecutive 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 GEM website at www.hkgem.com for at least 7 days from the date of its posting on the website of the Company at www.royalcentury.hk.