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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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

**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 FINANCIAL STATEMENTS

## INTERIM RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Royal Century Resources Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2018 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2017 as follows:

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

*For the six months ended 30 September 2018*

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Revenue	4	3,397	7,288	12,498	12,890
Cost of sales		<u>(2,029)</u>	<u>(5,336)</u>	<u>(8,624)</u>	<u>(9,178)</u>
<b>Gross profit</b>		<b>1,368</b>	1,952	<b>3,874</b>	3,712
Other income	5	277	181	1,039	332
Administrative expenses		(9,009)	(7,455)	(16,327)	(12,759)
Finance costs	6	(28)	(45)	(84)	(90)
Gain from a bargain purchase		<u>–</u>	<u>2,270</u>	<u>–</u>	<u>2,270</u>
<b>Loss before tax</b>	7	<b>(7,392)</b>	(3,097)	<b>(11,498)</b>	(6,535)
Income tax expense	8	<u>–</u>	<u>(34)</u>	<u>–</u>	<u>(84)</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Notes</i>	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss for the period attributable to owners of the Company</b>	<b>(7,392)</b>	<b>(3,131)</b>	<b>(11,498)</b>	<b>(6,619)</b>
<b>Other comprehensive income/(expenses)</b>				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>(13)</u>	<u>(14)</u>	<u>(113)</u>	<u>65</u>
<b>Total comprehensive expenses for the period attributable to owners of the Company</b>	<b><u>(7,405)</u></b>	<b><u>(3,145)</u></b>	<b><u>(11,611)</u></b>	<b><u>(6,554)</u></b>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss per share</b>				
– Basic and diluted	<i>10</i> <b><u>(2.04)</u></b>	<b><u>(0.86)</u></b>	<b><u>(3.17)</u></b>	<b><u>(1.82)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

		30 September 2018 <i>HK\$'000</i> (Unaudited)	31 March 2018 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Plant and equipment	11	2,261	3,332
Investment property	11	25,000	25,000
Goodwill		854	854
Intangible assets		<u>20,614</u>	<u>20,614</u>
		<b>48,729</b>	49,800
<b>Current assets</b>			
Loan and interest receivables	12	23,945	24,227
Inventories	13	1,256	1,408
Trade and other receivables	14	8,130	6,990
Contract assets	15	1,619	–
Amounts due from customers for contract work	15	–	163
Pledged bank deposit	16	–	300
Cash and bank balances	17	<u>22,293</u>	<u>41,277</u>
		<b>57,243</b>	74,365
<b>Current liabilities</b>			
Trade and other payables	18	3,355	2,962
Contract liabilities	15	168	–
Amounts due to customers for contract work	15	–	166
Income tax payable		156	157
Obligation under a finance lease		45	90
Secured bank borrowings	19	<u>–</u>	<u>6,689</u>
		<b>3,724</b>	10,064
<b>Net current assets</b>		<u><b>53,519</b></u>	<u>64,301</u>
<b>Total assets less current liabilities</b>		<u><b>102,248</b></u>	<u><b>114,101</b></u>

		<b>30 September</b>	31 March
		<b>2018</b>	2018
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<i>Notes</i>	<b>(Unaudited)</b>	(Audited)
<b>Capital and reserves</b>			
Share capital	20	<b>154,851</b>	154,851
Reserves		<u><b>(55,920)</b></u>	<u>(44,067)</u>
<b>Equity attributable to owners of the Company</b>		<u><b>98,931</b></u>	<u>110,784</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u><b>3,317</b></u>	<u>3,317</u>
		<u><b>3,317</b></u>	<u>3,317</u>
		<u><b>102,248</b></u>	<u><b>114,101</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Share capital <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018 (Audited)	154,851	(44,034)	(33)	110,784
Impact on initial application of HKFRS 9	—	(242)	—	(242)
Adjusted balance as at 1 April 2018	154,851	(44,276)	(33)	(110,542)
Loss for the period	—	(11,498)	—	(11,498)
Other comprehensive expense for the period	—	—	(113)	(113)
Total comprehensive expense for the period	—	(11,498)	(113)	(11,611)
<b>At 30 September 2018 (Unaudited)</b>	<b><u>154,851</u></b>	<b><u>(55,774)</u></b>	<b><u>(146)</u></b>	<b><u>98,931</u></b>
At 1 April 2017 (Audited)	154,851	(15,941)	(322)	138,588
Loss for the period	—	(6,619)	—	(6,619)
Other comprehensive income for the period	—	—	65	65
Total comprehensive expense for the period	—	(6,619)	65	(6,554)
<b>At 30 September 2017 (Unaudited)</b>	<b><u>154,851</u></b>	<b><u>(22,560)</u></b>	<b><u>(257)</u></b>	<b><u>132,034</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Net cash used in operating activities	(11,993)	(5,148)
Net cash used in investing activities	(64)	(16,479)
Net cash used in financing activities	<u>(6,819)</u>	<u>(282)</u>
Net decrease in cash and cash equivalents	(18,876)	(21,909)
Cash and cash equivalents at the beginning of period	41,277	60,027
Effect of foreign exchange rate changes	<u>(108)</u>	<u>65</u>
Cash and cash equivalents at the end of period	<u><u>22,293</u></u>	<u><u>38,183</u></u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u><u>22,293</u></u>	<u><u>38,183</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2018*

## 1. GENERAL INFORMATION

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 design and fitting-out services, (ii) provision of design and procurement of furnishings and related products services, (iii) money lending, and (iv) sourcing and merchandising of fine and rare wines. The Group acquired a licence corporation engaging in provision of the financial services including Type 1, 4 and 9 regulated activities under the Securities and Futures Commission of Hong Kong in last year and is now in formulation of the business plan for the financial services business.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. Other than subsidiaries operating in Singapore and in the People’s Republic of China (the “PRC”) of which the 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 2018 that is included in this interim results 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 (Chapter 622 of the Laws of Hong Kong) (“Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. 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.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared in accordance with the applicable disclosure requirements as prescribed in Chapter 18 of the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on GEM of the Stock Exchange and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2018.



### 3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment property that is measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2018, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
HKFRS 1 (Amendments)	As part of the Annual Improvements to HKFRS 2014-2016 Cycle
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRS 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property

Except as described the impacts on adoption of HKFRS 9 and HKFRS 15 below, the application of the above new or revised standards, amendments and interpretations in the current interim period 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.

#### **Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments**

HKFRS 9 replaces the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

Expected impacts of the new requirements on the Group's unaudited condensed consolidated financial statements are as follows:

**(a) Classification and measurement**

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group did not designate or re-designate any financial asset or financial liability at FVTPL.

**(b) Impairment**

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss ("ECL") model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets.

The following table summarises the impacts of transition to HKFRS 9 on accumulated losses and reserves at 1 April 2018.

*HK\$'000*

**Accumulated losses**

Recognition of additional expected credit losses on	
– Loan and interest receivables	242
Net increase in accumulated losses at 1 April 2018	242

The following table reconciles the closing allowance for impairment of loan and interest receivables determined in accordance with HKAS 39 as at 31 March 2018 with the opening allowance for impairment of loan and interest receivables determined in accordance with HKFRS 9 as at 1 April 2018.

*HK\$'000*

**Allowance for impairment of loan and interest receivables**

Allowance for impairment of loan and interest receivables	
at 31 March 2018 under HKAS 39	–
Additional credit loss recognised at 1 April 2018	242
Allowance for impairment of loan and interest receivables at 1 April 2018 under HKFRS 9	242

For trade receivables, retention money receivables and contract assets, the Group applies a simplified model of recognising lifetime ECL as these items do not have a significant financing component. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. As at 1 April 2018, no additional credit loss allowance has been recognised against accumulated losses and respective assets since the trade receivables as at 31 March 2018 have been fully received during the six months ended 30 September 2018 and the impacts on adoption of HKFRS 9 on retention money receivables and contract assets as at 31 March 2018 was not significant.

Except as described above, the application of HKFRS 9 has had no material impact on the amounts reported set out in these unaudited condensed consolidated financial statements.

### **Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers**

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction Contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18.

There is no impact of transition to HKFRS 15 on accumulated losses at 1 April 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

#### **(i) *Timing of revenue recognition***

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on the timing of revenue recognition of the business of the Group.

**(ii) *Timing of recognition of contract costs***

Under HKFRS 15, if the costs incurred in fulfilling a contract with a customer are not within the scope of another standard, assets shall only be recognised if the costs incurred (i) relate directly to a contract or an anticipated contract that can be specifically identified; (ii) generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and (iii) are expected to be recovered. Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contracts and costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations shall be expensed as incurred under HKFRS 15.

Previously, contract costs of the Group are recognised by reference to the stage of completion of the contract, which was measured by reference to the percentage of the estimated total revenue for the contracts entered into by the Group that have been performed to date. Under HKFRS 15, contract costs that related to satisfy performance obligations are expensed as incurred. The adoption of HKFRS 15 does not have a significant impact on the timing of recognition of contract costs.

**(iii) *Presentation of contract assets and liabilities***

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under "amounts due from customers for contract work" or "amounts due to customers for contract work" respectively. Receivables for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion for retention period were presented in the statement of financial position as "retention money receivables" under "trade and other receivables".

To reflect these changes in presentation, the Group has made the following adjustments at 1 April 2018, as a result of the adoption of HKFRS 15:

- a. “amounts due from customers for contract work” and “retention money receivables” under “trade and other receivables” amounting to approximately HK\$163,000 and HK\$1,844,000 respectively, are now included under contract assets; and
- b. “amounts due to customers for contract work” amounting to approximately HK\$166,000 is now included under contract liabilities.

The following tables summarise the estimated impacts on the adoption of HKFRS 15 on the unaudited condensed consolidated financial statements, by comparing the amounts reported under HKFRS 15 with estimates of the hypothetical amounts that would have been recognised under HKAS 11 if it had continued to be applied in 2018 instead of HKFRS 15. These tables show only line items impacted by the adoption of HKFRS 15.

**(a) Unaudited condensed consolidated statement of financial position (Extract)**

	<b>Impacts on changes in accounting policies</b>		
	<b>Amounts reported in accordance with HKFRS 15 HK\$'000</b>	<b>Impact of the adoption of HKFRS 15 HK\$'000</b>	<b>Hypothetical amounts under HKAS 11 HK\$'000</b>
<b>As at 30 September 2018</b>			
<b>Assets</b>			
Contract assets	1,619	1,619	–
Trade and other receivables	8,130	(365)	8,495
Amounts due from customers for contract work	–	(1,254)	1,254
<b>Liabilities</b>			
Contract liabilities	168	168	–
Amounts due to customers for contract work	–	(168)	168

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these unaudited condensed consolidated financial statements.

## New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective.

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement <sup>1</sup>
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Annual Improvements to HKFRSs	Annual Improvements to HKFRS Standards 2015-2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective date not yet been determined

The Group is in the process of assessment of the related impact of adoption of the above new and revised HKFRSs and anticipates that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

### ***HKFRS 16 Leases***

HKFRS 16 requires almost all leases of lessees to be recognized on the balance sheet, as the distinction between operating and finance leases is removed. The accounting for lessors will not significantly change. Under the new standard, the right to use the leased item and the duty to pay rent are recognized as an asset and a financial liability respectively. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for operating leases of the Group. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Upon adoption of HKFRS 16 the majority of operating lease commitments will be recognized in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

As at 30 September 2018, the Group's total future minimum lease payments under non-cancellable operating lease were HK\$23,582,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence, the Group will recognize a right-of-use asset and a corresponding lease liability in respect of all the leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result in changes in measurement, presentation and disclosure as indicated above.

The Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents income arising from design and fitting-out services provided, design and procurement of furnishings and related products services provided, interest income from money lending and sales of fine and rare wines. 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:

	For the three months ended 30 September		For the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Design and fitting-out services income	<b>2,002</b>	1,559	<b>5,739</b>	2,913
Design and procurement of furnishings and related products services income	<b>533</b>	47	<b>4,823</b>	47
Interest income from money lending	<b>772</b>	1,026	<b>1,737</b>	2,099
Sales of fine and rare wines	<b>90</b>	4,656	<b>199</b>	7,831
	<b><u>3,397</u></b>	<b><u>7,288</u></b>	<b><u>12,498</u></b>	<b><u>12,890</u></b>

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:

- (1) Provision of design and fitting-out services ("Design and fitting-out services");
- (2) Provision of design and procurement of furnishings and related products services ("Design and procurement of furnishings and related products services");
- (3) Money lending business ("Money lending");
- (4) Sourcing and merchandising of fine and rare wines ("Wines merchandising"); and
- (5) Financial services business (previously known as "Securities business"), comprises provision of advising on securities and securities dealing and brokerage services and asset management services ("Financial services business").

(a) Segment revenue and results

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

*For the six months ended 30 September 2018 (Unaudited)*

	Design and fitting-out services <i>HK\$'000</i>	Design and procurement of furnishings and related products services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>5,739</u>	<u>4,823</u>	<u>1,737</u>	<u>199</u>	<u>-</u>	<u>12,498</u>
Segment profit/(loss)	<u>(4,936)</u>	<u>(1,681)</u>	<u>1,207</u>	<u>20</u>	<u>(454)</u>	<u>(5,844)</u>
Other income						384
Central administrative costs						(5,954)
Finance costs						<u>(84)</u>
Loss before tax						<u><u>(11,498)</u></u>



For the six months ended 30 September 2017 (Unaudited)

	Design and fitting-out services <i>HK\$'000</i>	Design and procurement of furnishings and related products services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>2,913</u>	<u>47</u>	<u>2,099</u>	<u>7,831</u>	<u>12,890</u>
Segment profit/(loss)	<u>(2,710)</u>	<u>(1,330)</u>	<u>2,088</u>	<u>3</u>	(1,949)
Other income					332
Central administrative costs					(7,098)
Finance costs					(90)
Gain from a bargain purchase					<u>2,270</u>
Loss before tax					<u>(6,535)</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.

(b) **Segment assets and liabilities**

The following table present segment assets and liabilities of the Group's operating segments as at 30 September 2018 and 31 March 2018:

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
<b>Segment assets</b>		
Design and fitting-out services	1,405	6,031
Design and procurement of furnishings and related products services	4,572	1,741
Money lending	23,945	24,227
Wines merchandising	1,379	1,467
Financial services business	<u>19,592</u>	<u>19,813</u>
Total segment assets	50,893	53,279
Unallocated corporate assets	<u>55,079</u>	<u>70,886</u>
Total assets	<u><u>105,972</u></u>	<u><u>124,165</u></u>
<b>Segment liabilities</b>		
Design and fitting-out services	1,469	1,076
Design and procurement of furnishings and related products services	282	409
Money lending	93	218
Wines merchandising	7	27
Financial services business	<u>70</u>	<u>3,193</u>
Total segment liabilities	1,921	4,923
Unallocated corporate liabilities	<u>5,120</u>	<u>8,458</u>
Total liabilities	<u><u>7,041</u></u>	<u><u>13,381</u></u>

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain plant and equipment, investment property, certain prepayments, deposits and other receivables, and cash and bank balances as these assets are managed on a group basis.
- all liabilities are allocated to reportable segments other than certain accrued expenses and other payables, obligation under a finance lease, income tax payable, secured bank borrowing and deferred tax liabilities as these liabilities are managed on a group basis.

## 5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Rental income	180	146	370	296
Bank interest income	1	–	2	1
Exchange gain	4	–	4	–
Sundry income	92	35	663	35
	<u>277</u>	<u>181</u>	<u>1,039</u>	<u>332</u>

## 6. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Interest on:				
Secured bank borrowing wholly repayable beyond five years	28	43	83	87
Finance lease	–	2	1	3
	<u>28</u>	<u>45</u>	<u>84</u>	<u>90</u>

## 7. LOSS BEFORE TAX

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

	For the three months ended 30 September		For the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Staff costs included in project costs	130	–	187	–
Staff costs included in administrative expenses:				
Directors' emoluments (including contribution to defined contribution retirement benefits scheme)	1,188	1,036	2,316	2,073
Salaries, wages and other benefits (excluding directors' emoluments)	3,583	2,227	6,343	4,267
Contribution to defined contribution retirement benefits scheme (excluding directors)	85	71	187	132
Total staff costs	<u>4,986</u>	<u>3,334</u>	<u>9,033</u>	<u>6,472</u>
Auditor's remuneration	–	–	–	–
Depreciation	553	310	1,104	579
Written off of trade and other receivables	35	–	35	–
Minimum lease payments under operating leases in respect of office premises	1,733	452	3,123	836
Gross rental income less outgoings	(148)	(181)	(301)	(296)
Gain from a bargain purchase	–	(2,270)	–	(2,270)
	<u>–</u>	<u>(2,270)</u>	<u>–</u>	<u>(2,270)</u>

## 8. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Current tax				
Hong Kong profits tax	-	34	-	84
Deferred taxation	-	-	-	-
	<u>-</u>	<u>34</u>	<u>-</u>	<u>84</u>

No Hong Kong profits tax has been provided as the Group has no estimated assessable profits for the six months ended 30 September 2018. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 September 2017.

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 periods based on existing legislation, interpretations and practices in respect thereof.

## 9. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

## 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 September		For the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Loss for the purpose of basic and diluted loss per share	<u>(7,392)</u>	<u>(3,131)</u>	<u>(11,498)</u>	<u>(6,619)</u>

### Number of shares

	For the three months ended 30 September		For the six months ended 30 September	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)	2018 '000 (Unaudited)	2017 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>363,000</u>	<u>363,000</u>	<u>363,000</u>	<u>363,000</u>

### Loss per share

	For the three months ended 30 September		For the six months ended 30 September	
	2018 <i>HK cents</i> (Unaudited)	2017 <i>HK cents</i> (Unaudited)	2018 <i>HK cents</i> (Unaudited)	2017 <i>HK cents</i> (Unaudited)
Basic and diluted	<u>(2.04)</u>	<u>(0.86)</u>	<u>(3.17)</u>	<u>(1.82)</u>

Since there were no potential dilutive ordinary shares outstanding during the three months and the six months ended 30 September 2018 and 2017 respectively, the basic and diluted loss per share are the same for all periods.

## 11. PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 September 2018, the Group spent approximately HK\$66,000 (six months ended 30 September 2017: approximately HK\$80,000) on additions to plant and equipment. During the six months ended 30 September 2018, gain on disposal of plant and equipment amounted to approximately HK\$92,000 was recorded (six months ended 30 September 2017: Nil). As at 30 September 2018, a motor vehicle of the Group with carrying amount of approximately HK\$85,000 (31 March 2018: approximately HK\$100,000) was held under a finance lease.

During the six months ended 30 September 2018 and 2017, there was no addition or disposal of investment property. As at 30 September 2018, the Group's investment property with carrying amount of HK\$25,000,000 which was pledged to secure banking facilities granted to the Group in prior periods has been released from the charge on 18 September 2018.

## 12. LOAN AND INTEREST RECEIVABLES

	<b>30 September 2018 <i>HK\$'000</i> (Unaudited)</b>	31 March 2018 <i>HK\$'000</i> (Audited)
Current	23,945	24,227
Non-current	—	—
	<u>23,945</u>	<u>24,227</u>
Analysed as:		
Within one year	<u>23,945</u>	<u>24,227</u>
	<u>23,945</u>	<u>24,227</u>
Loan receivables	23,500	23,500
Interest receivables	687	727
<i>Loss: Allowance for expected credit losses</i>	<u>(242)</u>	—
	<u>23,945</u>	<u>24,227</u>

The loan receivables were unsecured. The Group's loan and interest receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollar. Loan receivables are interest-bearing and are repayable with fixed terms agreed with the Group's customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables above.

All of the loan and interest receivables were neither past due nor credit-impaired at the end of the reporting period. Regular reviews on these loans are conducted by the management based on the historical information about counterparty default rate, latest status of these loans and the latest available information about the borrowers. There had not been a significant change in credit quality and these balances were considered fully recoverable.

In accordance with HKFRS 9, the management takes forward-looking information into consideration that allowance for expected credit losses (“ECL”) of approximately HK\$242,000 was recognised as an adjustment to the opening equity at 1 April 2018 and no additional allowance for ECL was recognised during the six months ended 30 September 2018 as no significant change is anticipated in the business environment.

### 13. INVENTORIES

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Fine and rare wines held for resale, at cost	<u>1,256</u>	<u>1,408</u>

### 14. TRADE AND OTHER RECEIVABLES

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Trade receivables, net	952	971
Retention money receivables ( <i>Note</i> )	–	1,844
Deposit, prepayment and advance to suppliers	6,713	4,088
Other receivables	<u>465</u>	<u>87</u>
Trade and other receivables	<u>8,130</u>	<u>6,990</u>

*Note:* Retention money receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts from 1 year since the date of the completion of the respective project.

Retention money receivables has been included in contract assets as at 30 September 2018 in accordance with HKFRS 15.



The Group allows an average credit period ranging from 30 to 180 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Within 30 days	515	12
More than 30 days but within 90 days	437	–
More than 90 days but within 180 days	–	–
More than 180 days but within 365 days	–	–
More than 365 days	–	959
	<u>          </u>	<u>          </u>
Trade receivables	<b><u>          952</u></b>	<b><u>          971</u></b>

#### 15. DUE WITH CUSTOMERS FOR CONTRACT WORK AND CONTRACT ASSETS/LIABILITIES

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Contracts in progress at the end of reporting period:		
Contract costs incurred plus recognised profit less recognised losses	7,812	68,827
Less: Progress billings	<u>(6,361)</u>	<u>(68,830)</u>
	<b><u>          1,451</u></b>	<b><u>          (3)</u></b>
Analysed for reporting purpose as:		
Amounts due from customers for contract work	–	163
Contract assets	1,619	–
Amounts due to customers for contract work	–	(166)
Contract liabilities	<u>(168)</u>	<u>          –</u>
	<b><u>          1,451</u></b>	<b><u>          (3)</u></b>

## 16. PLEDGED BANK DEPOSIT

Pledged bank deposit represented deposit pledged to a bank to secure for banking facilities granted to the Group which carries fixed interest rate at 0.15% (2018: 0.15%) per annum. The pledged bank deposit was released from the charge on 28 September 2018.

## 17. CASH AND BANK BALANCES

The carrying amounts of cash and bank balances are denominated in the following currencies:

	<b>30 September</b>	31 March
	<b>2018</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
HK\$	<b>18,120</b>	36,065
RMB	<b>230</b>	1,197
SGD	<b>1,638</b>	2,229
USD	<b>2,295</b>	1,779
Others	<b>10</b>	7
	<hr/> <b>22,293</b> <hr/>	<hr/> 41,277 <hr/>

The conversion of RMB-denominated balances into foreign currencies and the remittance of such foreign currencies denominated cash and bank balances out of the PRC are subject to relevant rules and regulation of the foreign exchange control promulgated by the PRC government.

## 18. TRADE AND OTHER PAYABLES

	<b>30 September</b>	31 March
	<b>2018</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade payables	<b>931</b>	582
Receipt in advance	<b>226</b>	263
Accrued expenses and other payables	<b>2,198</b>	2,117
	<hr/> <b>3,355</b> <hr/>	<hr/> 2,962 <hr/>

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Within 30 days	370	28
More than 30 days but within 90 days	80	189
More than 90 days	<u>481</u>	<u>365</u>
Trade payables	<u><b>931</b></u>	<u><b>582</b></u>

#### 19. SECURED BANK BORROWING

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Secured bank borrowing	<u><b>–</b></u>	<u><b>6,689</b></u>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
Within one year	–	307
After one year but within two years	–	315
After two years but within five years	–	992
After five years	<u>–</u>	<u>5,075</u>
	<u><b>–</b></u>	<u><b>6,689</b></u>
Carrying amount of bank loan that is not repayable on demand or within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	–	6,382
Carrying amount repayable on demand or within one year	<u>–</u>	<u>307</u>
	<u><b>–</b></u>	<u><b>6,689</b></u>

During the six months ended 30 September 2018, the secured bank borrowing bore an average floating interest rate at 2.5% per annum. The secured bank borrowing as at 31 March 2018 was secured by the Group's investment property, which has been released upon the full repayment of the outstanding balance in August 2018.

## 20. SHARE CAPITAL

	<b>Number of ordinary shares '000</b>	<b>Share capital HK\$'000</b>
<i>Issued and fully paid:</i>		
As at 1 April 2017, 31 March 2018 (audited) and 30 September 2018 (unaudited)	<u>363,000</u>	<u>154,851</u>

## 21. CONTINGENT LIABILITIES

On 9 December 2015, a supplier filed a statement of claim for cost dispute of approximately HK\$1 million against a subsidiary of the Group. As at date of this 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 defenses against the supplier. Therefore, no provision for the claim has been made in the condensed consolidated financial statements for the six months ended 30 September 2018.

## 22. OPERATING LEASE COMMITMENTS

### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>30 September 2018 HK\$'000</b>	<b>31 March 2018 HK\$'000</b>
Within one year	<b>9,179</b>	2,526
In the second to fifth years inclusive	<u><b>14,403</b></u>	<u>512</u>
	<u><b>23,582</b></u>	<u>3,038</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated and rentals are fixed for an average of three years.

## The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments in relation to premises, falling due as follows:

	<b>30 September</b>	31 March
	<b>2018</b>	2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>503</b>	500
In the second to fifth years inclusive	<b>84</b>	18
	<b>587</b>	518

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from two to three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

## 23. RELATED PARTY TRANSACTIONS AND BALANCE

During the Period, the Group entered into the following transactions with related parties:

### (a) License to use a property granted to a related company

The Company licensed a right to use an office property at nil consideration under a license agreement with a related company of which a director, Mr. Liu Rongsheng has significant influence. Pursuant to the terms of the agreement, the related company shall bear the cost incurred for using the office property and both parties can terminate the license by immediate notice.

### (b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the six months ended 30 September 2018 and 2017 is as follows:

	<b>For the six months</b>	
	<b>ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, allowances and other benefits	<b>3,803</b>	3,043
Contributions to retirement benefits scheme	<b>65</b>	54
	<b>3,868</b>	3,097

## **24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair value due to their immediate or short-term maturities.

## **25. EVENTS AFTER THE END OF THE REPORTING PERIOD**

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 subscribing up to an aggregate of 72,600,000 placing shares at a placing price of HK\$0.20 per placing share, which represented (i) a discount of approximately 4.76% to the closing price of HK\$0.21 per share as quoted on the Stock Exchange on 1 November 2018, being the date of the placing agreement; (ii) a discount of approximately 3.66% to the average of the closing price per share of HK\$0.2076 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the placing agreement. Upon the completion of the placing (and assuming all the 72,600,000 placing shares are subscribed for), the gross proceeds and net proceeds arising from the placing are estimated to be approximately HK\$14,500,000 and approximately HK\$13,800,000, respectively. The Company intends to use the net proceeds for purchase of construction equipment for leasing purposes, details of which are set out in the Company's announcement dated 1 November 2018. The placing has yet been completed up to date of this announcement.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### Revenue

The Group's revenue is mainly generated from (i) provision of design and fitting-out services; (ii) provision of design and procurement of furnishings and related products services, (iii) money lending, and (iv) sourcing and merchandising of fine and rare wine. No revenue has yet been generated from the financial services business during the Period.

Breakdown of revenue by types of business is as follows:

	For the six months ended 30 September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Design and fitting-out services income	5,739	2,913
Design and procurement of furnishings and related products services income	4,823	47
Interest income from money lending	1,737	2,099
Income from sourcing and merchandising of fine and rare wines	199	7,831
	<u>12,498</u>	<u>12,890</u>

Breakdown of revenue by geographical locations is as follows:

	For the six months ended 30 September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	7,754	12,890
Malaysia	4,744	—
	<u>12,498</u>	<u>12,890</u>

The total revenue for the six months ended 30 September 2018 of the Group was approximately HK\$12.5 million (six months ended 30 September 2017: approximately HK\$12.9 million) which represents approximately HK\$0.4 million or 3.0% decrease as compared to the last year's corresponding period.

The aggregate revenue generated from both design and fitting-out services segment and design and procurement of furnishings and related products services segment significantly increased from approximately HK\$3.0 million for the six months ended 30 September 2017 to approximately HK\$10.6 million for the six months ended 30 September 2018 due to the increase in number of projects executed by the Group.

However, since the Group experienced a staff turnover in the sales team of the sourcing and merchandising of fine and rare wines during the third quarter of last year, the operation of this segment was scale down during the current period and the revenue from this business decreased significantly from last corresponding period of approximately HK\$7.8 million to the current reporting period of approximately HK\$0.2 million.

The revenue from money lending decreased slightly by approximately HK\$0.4 million from last corresponding period of approximately HK\$2.1 million to the current reporting period of approximately HK\$1.7 million.

### ***Gross profit for the period***

For the six months ended 30 September 2018, the Group recorded a gross profit of approximately HK\$3.9 million (six months ended 30 September 2017: HK\$3.7 million) and the overall gross profit margin was approximately 31.0% (six months ended 30 September 2017: 28.8%).



Gross profit and gross profit margin by segment of business is as follows:

	Gross profit for the six months ended 30 September		Gross profit margin for the six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 %	2017 %
Design and fitting-out services	1,066	679	18.6	23.3
Design and procurement of furnishings and related products services	1,024	9	21.2	19.1
Money lending	1,737	2,099	100.0	100.0
Sourcing and merchandising of fine and rare wines	47	925	23.6	11.8
	<u>3,874</u>	<u>3,712</u>	31.0	28.8

During the six months ended 30 September 2018, the overall gross profit of the Group amounted to approximately HK\$3.9 million, with an increment of approximately HK\$0.2 million or 4.4% from last corresponding period of approximately HK\$3.7 million. The increase was mainly due to the increase in the gross profit of both design and fitting-out services and design and procurement of furnishings and related products services by approximately HK\$1.4 million (in aggregate) resulting from the increase in the overall number of projects and effort made in cost control. The gross profit from money lending amounted to approximately HK\$1.7 million for the six months ended 30 September 2018, with slightly decrease of approximately HK\$0.4 million from last corresponding period of approximately HK\$2.1 million due to reduction in the loan portfolio of the current reporting period as compared to the last corresponding period. Moreover, the gross profit from sourcing and merchandising of fine and rare wines was decreased in correspondence with decrease in revenue.

There was a slightly increase in the Group's overall gross profit margin from last corresponding period of approximately 28.8% to the current reporting period of approximately 31.0% attributable to the increase in the gross profit margin from design and procurement of furnishings and related products services.

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

The Group's overall administrative expenses increased by approximately HK\$3.5 million or approximately 28.0% from last corresponding period of approximately HK\$12.8 million to approximately HK\$16.3 million for the current reporting period. Such increase was mainly attributable to (i) increase in staff cost of approximately HK\$2.2 million due to increase in number of new staff and long service payment paid to several employees during the current reporting period; and (ii) increase in rental expenses of approximately HK\$2.3 million for the establishment of a showroom/shop in respect of the design and procurement of furnishings and related products services and the establishment of a warehouse for the storage of construction equipment for leasing purposes which is planned to be commenced in the next quarters.

As a result, loss for the six months ended 30 September 2018 was approximately HK\$11.5 million (six months ended 30 September 2017: HK\$6.6 million), representing an increase in loss of approximately HK\$4.9 million or approximately 73.7%.

### **Business Review and Prospects**

#### ***Provision of (i) design and fitting-out services and (ii) provision of design and procurement of furnishings and related products services***

For design and fitting-out services, the Group has a total of 21 projects on hand during the six months ended 30 September 2018, of which 18 new projects were contracted. The Group has completed 17 projects during the current reporting period. As a result, there are 4 design and fitting-out services projects in progress as at 30 September 2018, all of which are in Hong Kong.

For design and procurement of furnishings and related products services, the Group has a total of 5 projects on hand during the six months ended 30 September 2018, of which 3 new projects were contracted. The Group has completed 3 projects during the current reporting period. As a result, there are 2 projects in progress as at 30 September 2018, all of which are located in Malaysia and are expected to be completed in the near future.

Looking forward, the Group expects the existing design and fitting-out services projects will be completed in the coming few months. 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.

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

The Group's money lending business remained steady during the six months ended 30 September 2018. There was loan portfolio in Hong Kong with principal amount of HK\$23.5 million as at 30 September 2018. The Group recognised an aggregate interest income of approximately HK\$1.7 million for the six months ended 30 September 2018 (six months ended 30 September 2017: HK\$2.1 million).

The Group has not granted any new loan during the six months ended 30 September 2018 and will continue to adopt a prudent management approach to carry out the money lending business in order to minimise its credit risk exposure while seeking for high creditworthiness borrowers to have steady revenue base.

The Group adopted a prudent risk management policy with the money lending business continuously carrying out regular review of credit risk over the existing borrowers. Whilst the Group will proactively explore customers with good quality to expand its business scale, it will continue to adopt a prudent credit risk management strategy to ensure a healthy development in its money lending business.

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

The Group experienced a staff turnover in the sales team of the sourcing and merchandising of fine and rare wines ("Wines Merchandising") during the third quarter of the last year. The operation of the Wine Merchandising was scale down during the current reporting period.

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

The Group has not yet commenced to carry on Type 1, 4 and 9 regulated activities under the Securities and Futures Ordinance during the six months ended 30 September 2018. 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. As mentioned in the first quarterly report of the Company dated 9 August 2018, the Group has established a warehouse for the storage of construction equipment for leasing purpose. As further mentioned in an announcement of the Company dated 1 November 2018, the Company proposed a placing of shares with net proceeds of approximately HK\$13,800,000 which will be fully applied for purchase of the construction equipment, including but not limited to scaffolding equipment which can be used for the fitting-out services and/or other construction works. The leasing of construction equipment business is a natural expansion of and ancillary to the existing principal business of the Group, and is in line with the business development strategy of the Group, which shall enrich the business profile of the Group. 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 six months ended 30 September 2018, the Group financed its operations by its internal resources and banking facilities. As at 30 September 2018, the Group had net current assets of approximately HK\$53.5 million (31 March 2018: HK\$64.3 million), including bank deposit, cash and bank balances of approximately HK\$22.3 million (31 March 2018: HK\$41.6 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 15.4 times as at 30 September 2018 (31 March 2018: 7.4 times). The increase in the current ratio during the six months ended 30 September 2018 was mainly attributable to the repayment of a secured bank borrowing in August 2018.

## **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 six months ended 30 September 2018. Total equity attributable to owners of the Company amounted to approximately HK\$98.9 million as at 30 September 2018 (31 March 2018: approximately HK\$110.8 million).

As at 30 September 2018, the Group's borrowings comprised only obligation under a finance lease of approximately HK\$45,000 (31 March 2018: approximately HK\$90,000) as a secured bank borrowing has been fully repaid by the Group in August 2018 (31 March 2018: approximately HK\$6.7 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 0.05% (31 March 2018: 6.12%). The significant decrease in the gearing ratio during the six months ended 30 September 2018 was mainly due to the repayment of the secured bank borrowing by the Group in August 2018.

## Proposed Placing of Shares

Reference is made to an announcement of the Company dated 1 November 2018 in relation to the placing of new shares under general mandate (“Proposed Placing”). Details of the Company’s Proposed Placing are set out in note 25 to this announcement.

## Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018.

## Foreign Exchange Exposure

The operations of the Group are mainly conducted in Hong Kong dollar (“HK\$”), Singapore dollar (“SGD”), Renminbi (“RMB”) and United States dollar (“US\$”) and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$, SGD, RMB and US\$.

The Group does not enter into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

## Charges on the Group’s Assets

As at 30 September 2018 and 31 March 2018, the Group has the following assets pledged to secure banking facilities and borrowings and charged for an obligation under finance lease, the carrying value of which is as follows:

	<b>30 September 2018 HK\$’000 (Unaudited)</b>	31 March 2018 HK\$’000 (Audited)
Investment property	–	25,000
Motor vehicle	<b>85</b>	100
Bank deposit	–	300
	<b>85</b>	25,400

## **Significant Acquisition and Disposal**

There has been no significant acquisition and disposal of subsidiaries or assets of the Group during the six months ended 30 September 2018.

## **Contingent Liabilities**

Save as disclosed in note 21 to this announcement, the Group did not have any other contingent liabilities as at 30 September 2018.

## **Commitment**

Save as disclosed in note 22 to this announcement, the Group did not have any other commitment as at 30 September 2018.

## **Employee and Remuneration Policies**

As at 30 September 2018, the Group employed 36 employees (30 September 2017: 33 employees). The Group continues to maintain and improve 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 six months ended 30 September 2018 (including Directors' emoluments and salaries to staff and Directors (including MPF contributions)) was approximately HK\$9.0 million (six months ended 30 September 2017: HK\$6.5 million). The increase in the remuneration was mainly due to the increase in the number of new staff as a result of the Group's business development and long service payment paid to certain 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 September 2018, 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 September 2018, 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
Superb Smart Limited ( <i>Note 1</i> )	Beneficial owner	81,440,000	22.44%
Ms. Zheng Juhua ( <i>Note 1</i> )	Interest of a controlled corporation	81,440,000	22.44%
Time Vanguard Holdings Limited ( <i>Note 2</i> )	Beneficial owner	50,000,000	13.77%
China Huarong International Holdings Limited ( <i>Note 2</i> )	Interest of a controlled corporation	50,000,000	13.77%
Huarong Real Estate Co., Ltd. ( <i>Note 2</i> )	Interest of a controlled corporation	50,000,000	13.77%

<b>Name of shareholder</b>	<b>Capacity/Nature of interests in capital</b>	<b>Number of Shares held</b>	<b>Approximate percentage of the issued Shares</b>
China Huarong Asset Management Co., Ltd. <i>(Note 2)</i>	Interest of a controlled corporation	50,000,000	13.77%
Mr. Wang Shengdong	Beneficial owner	45,484,000	12.53%
Taiping Quantum Prosperity Fund	Beneficial owner	31,808,000	8.76%
Genius Idea Holdings Limited <i>(Note 3)</i>	Beneficial owner	20,000,000	5.51%
Mr. Chan Tat Wah <i>(Note 3)</i>	Interest of a controlled corporation	20,000,000	5.51%
Ms. Lee Yuk Pui Kawina <i>(Note 3)</i>	Family interest	20,000,000	5.51%

*Notes:*

- 81,440,000 Shares are registered in the name of Superb Smart Limited, which is wholly-owned by Ms. Zheng Juhua. Accordingly, Ms. Zheng Juhua is deemed to be interested in the relevant Shares under the SFO.
- 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.
- 20,000,000 Shares are registered in the name of Genius Idea Holdings Limited, which is wholly-owned by Mr. Chan Tat Wah. Ms. Lee Yuk Pui Kawina is the spouse of Mr. Chan Tat Wah. Accordingly, each of Mr. Chan Tat Wah and Ms. Lee Yuk Pui Kawina is deemed to be interested in the relevant Shares under the SFO.

Save as disclosed above, as at 30 September 2018, 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 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 to subscribe for Shares granted pursuant to the Scheme (the “Option”), 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 8.26% of the issued Shares as at 30 September 2018.

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 six months ended 30 September 2018 was the Company or any of its subsidiaries a party to any arrangement 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 six months ended 30 September 2018 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 six months ended 30 September 2018.

Following specific enquiry by the Company, all Directors confirmed that they have complied with such code of conduct throughout the six months ended 30 September 2018.

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

During the six months ended 30 September 2018, 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 agreement was entered into by the Group or existed during the six months ended 30 September 2018.

## **Sufficiency of Public Float**

From information publicly available to the Company and within the knowledge of the Directors, during the six months ended 30 September 2018, the Company has maintained the public float required by the GEM Listing Rules.

## Competing Interests

During the six months ended 30 September 2018 and up to the date of this announcement, 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 six months ended 30 September 2018.

## 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 six months ended 30 September 2018, 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 six months ended 30 September 2018.

## **Changes in information of directors**

Mr. Chan Chi Yuen had resigned as an independent non-executive director of Affluent Partners Holdings Limited (stock code: 1466) on 13 September 2018.

Mr. Wu Zhao ceased to act as a director and the licensed representative of Type 1 (Dealings in Securities) and Type 4 (Advising on Securities) license of a fund management company from July 2018.

## **Events after the end of the reporting period**

Details of the Group's events after the reporting period are set out in note 25 to this announcement.

## **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 six months ended 30 September 2018 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 interim results and interim 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 interim report of the Company for the six months ended 30 September 2018 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, 9 November 2018

*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 GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting on the website of the Company at [www.royalcentury.hk](http://www.royalcentury.hk).*