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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF THE 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

Annual Results

The board of Directors (the "Board") of Royal Century Resources Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019 together with the comparative audited figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**28,150**	33,097
Cost of sales		**(20,503)**	(29,686)
Gross profit		**7,647**	3,411
Other income	6	**1,423**	959
Other gains/(losses), net		**19**	–
Increase in fair value of an investment property		**3,200**	2,500
Administrative expenses		**(32,143)**	(34,698)
Finance costs	7	**(85)**	(161)
Loss before tax		**(19,939)**	(27,989)
Income tax expense	8	**(135)**	(104)
Loss for the year attributable to owners of the Company	9	**(20,074)**	(28,093)
Other comprehensive income/(expenses) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(91)**	289
Total comprehensive expenses for the year attributable to owners of the Company		**(20,165)**	(27,804)
Loss per share			
Basic and diluted *(HK cents)*	11	**(5.17)**	(7.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment		**6,227**	3,332
Investment property	*17*	**28,200**	25,000
Goodwill	*16*	**2,721**	854
Intangible assets	*18*	**20,552**	20,614
		57,700	49,800
Current assets			
Loan and interest receivables	*12*	**5,962**	24,227
Inventories	*13*	**975**	1,408
Trade and other receivables	*14*	**19,212**	6,990
Contract assets		**5,170**	–
Amounts due from customers for contract work		**–**	163
Tax recoverable		**60**	–
Pledged bank deposit		**–**	300
Cash and bank balances		**27,009**	41,277
		58,388	74,365
Current liabilities			
Trade and other payables	*15*	**7,619**	2,962
Contract liabilities		**109**	–
Amounts due to customers for contract work		**–**	166
Income tax payable		**25**	157
Obligation under a finance lease		**–**	90
Secured bank borrowing		**–**	6,689
		7,753	10,064
Net current assets		**50,635**	64,301
Total assets less current liabilities		**108,335**	114,101

	Notes	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital		**168,887**	154,851
Reserves		**(64,474)**	(44,067)
Total equity		**104,413**	110,784
Non-current liabilities			
Deferred tax liabilities		**3,452**	3,317
Other payables	*15*	**470**	–
		3,922	3,317
		108,335	114,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Royal Century Resources Holdings Limited (the "Company") was incorporated in Hong Kong as a company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in (i) provision of fitting out and engineering services (previously known as "provision of design and fitting out services") comprising design and fitting out services and other engineering works and maintenance services, (ii) provision of design and procurement of furnishings and related products services (previously known as "provision of design and procurement of furnishings and decorative materials services"), (iii) money lending, and (iv) sourcing and merchandising of fine and rare wines. The Group holds licences to carry on Type 1, 4 and 9 regulated activities under the Securities and Futures Ordinance, the financial services business (previously known as "securities business") comprising provision of advising on securities and securities dealing and brokerage services and asset management services, which has not yet commenced operation during the year. In addition, the Group established a warehouse and entered into a master agreement with a supplier for purchase of scaffolding equipment during the year. The Group expects the leasing of construction equipment business will be commenced in the coming quarter.

The consolidated financial statements are presented in thousands ("HK$'000") of Hong Kong dollars ("HK$"), unless otherwise stated, which is also the functional currency of the Company and its Hong Kong subsidiaries. Other than those Hong Kong subsidiaries, the functional currency of subsidiaries established in Singapore and the People's Republic of China ("PRC") is denominated in Singapore dollars ("SGD") and Renminbi ("RMB") respectively. These consolidated financial statements have been approved for issue by the Board of Directors on 12 June 2019.

The financial information relating to the years ended 31 March 2019 and 2018 included in this preliminary announcement of annual results for the year ended 31 March 2019 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these 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 consolidated 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 and will deliver the consolidated financial statements for the year ended 31 March 2019 in due course.

The Company's auditor has reported on the consolidated financial statements for the years. 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 (3) of the Companies Ordinance.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the Companies Ordinance. These consolidated financial statements have been prepared on the historical cost basis except for investment property that is measured at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
HKFRS 1 (Amendments)	As part of the Annual Improvements to HKFRS 2014-2016 Cycle
HKAS 28 (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 40 (Amendments)	Transfers of Investment Property

Except as described the impacts on adoption of HKFRS 9 and HKRFS 15 below, the application of the above new or revised standards, amendments and interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these 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 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.

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The financial assets currently held by the Group include debt instruments previously classified as loans and receivables which continue to be measured at amortised cost under HKFRS 9. Accordingly, there is no impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the HKFRS 9 only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

The Group did not designate or redesignate 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 certain of the trade receivables as at 31 March 2018 have been impaired and the impacts on adoption of HKFRS 9 on remaining trade receivables, retention money receivables and contract assets as at 31 March 2018 was not significant.

While bank balances and cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Except as described above, the application of HKFRS 9 has had no material impact on the amounts reported set out in these 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 significant 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.

(iv) ***Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018***

The following tables summarise the estimated impacts on the adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to be applied in 2018 instead of HKFRS 15. These tables show only line items impacted by the adoption of HKFRS 15.

	Impacts on changes in accounting policies		
	Amounts reported in accordance with HKFRS 15	**Impact of the adoption of HKFRS 15**	**Hypothetical amounts under HKASs 18 and 11**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 impacted by the adoption of HKFRS 15:			
Revenue	28,150	(1,957)	30,107
Cost of sales	(20,503)	1,957	(22,460)
	7,647	–	7,647
Impact of transition to HKFRS 15 on accumulated losses at 1 April 2018	–	–	–
Line items in the consolidated statement of financial position as at 31 March 2019 impacted by the adoption of HKFRS 15:			
Assets			
Contract assets	5,170	5,170	–
Trade and other receivables	19,212	(541)	19,753
Amounts due from customers for contract work	–	(4,629)	4,629
Liabilities			
Contract liabilities	109	109	–
Amounts due to customers for contract work	–	(109)	109

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these 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*[1]
HKFRS 17	*Insurance Contracts*[3]
HK (IFRIC) – Int 23	*Uncertainty over Income Tax Treatments*[1]
HKFRS 9 (Amendments)	*Prepayment Features with Negative Compensation*[1]
HKFRS 10 and HKAS 28 (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKAS 19 (Amendments)	*Plan Amendment, Curtailment or Settlement*[1]
HKAS 28 (Amendments)	*Long-term Interests in Associates and Joint Ventures*[1]
Annual Improvements to HKFRSs	*Annual Improvements to HKFRS Standards 2015-2017 Cycle*[1]
HKFRS 3 (Amendments)	*Definition of a Business*[2]
HKAS 1 and HKAS 8 (Amendments)	*Definition of Material*[2]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

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

4 Effective date not yet been determined

4. REVENUE

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

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

	2019	2018
	HK$'000	*HK$'000*
Fitting out and engineering services income	**14,327**	10,652
Design and procurement of furnishings and related products services income	**4,689**	4,119
Interest income from money lending	**3,304**	4,495
Sale of fine and rare wines	**5,830**	13,831
	28,150	33,097

5. SEGMENT INFORMATION

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. The directors of the Company have chosen to organise the Group around differences in services. No operating segments identified by the CEO has been aggregated in arriving at the reportable segments of the Group.

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

(a) Provision of fitting out and engineering services (previously known as "Design and fitting out services") comprising design and fitting out services and other engineering works and maintenance services ("Fitting out and engineering services");

(b) Provision of design and procurement of furnishings and related products services (previously known as "Design and procurement of furnishings and decorative materials services") ("Design and procurement of furnishings and related products services");

(c) Money lending ("Money lending");

(d) Sourcing and merchandising of fine and rare wines ("Wines merchandising");

(e) Financial services business (previously known as "Securities business") comprising provision of advising on securities and securities dealing and brokerage services and asset management services ("Financial services business"); and

(f) Leasing of construction equipment business ("Leasing of construction equipment").

Segment revenue and results

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

For the year ended 31 March 2019

	Fitting out and engineering services	**Design and procurement of furnishings and related products services**	**Money lending**	**Wines merchandising**	**Financial services business**	**Leasing of construction equipment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**14,327**	**4,689**	**3,304**	**5,830**	**–**	**–**	**28,150**
Segment profit/(loss)	**(7,924)**	**(3,123)**	**2,216**	**76**	**(1,342)**	**(3,709)**	**(13,806)**
Other income							**782**
Other gains/(losses), net							**(62)**
Central administrative costs							**(9,968)**
Increase in fair value of an investment property							**3,200**
Finance costs							**(85)**
Loss before tax							**(19,939)**

For the year ended 31 March 2018

	Fitting out and engineering services	Design and procurement of furnishings and related products services	Money lending	Wines merchandising	Financial services business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	10,652	4,119	4,495	13,831	–	33,097
Segment profit/(loss)	(17,473)	(3,263)	4,372	(585)	(1,125)	(18,074)
Other income						730
Central administrative costs						(12,984)
Increase in fair value of an investment property						2,500
Finance costs						(161)
Loss before tax						(27,989)

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), increase in fair value of an investment property and finance costs. This is the measure reported to the CEO for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	2019	2018
	HK$'000	*HK$'000*
Segment assets		
Fitting out and engineering services	**8,282**	6,031
Design and procurement of furnishings and related products services	**3,700**	1,741
Money lending	**6,022**	24,227
Wines merchandising	**6,273**	1,467
Financial services business	**19,592**	19,813
Leasing of construction equipment	**13,451**	–
Total segment assets	**57,320**	53,279
Unallocated corporate assets	**58,768**	70,886
Total assets	**116,088**	124,165
Segment liabilities		
Fitting out and engineering services	**4,322**	1,076
Design and procurement of furnishings and related products services	**862**	409
Money lending	**20**	218
Wines merchandising	**22**	27
Financial services business	**3,122**	3,193
Leasing of construction equipment	**251**	–
Total segment liabilities	**8,599**	4,923
Unallocated corporate liabilities	**3,076**	8,458
Total liabilities	**11,675**	13,381

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.

Other segment information

For the year ended 31 March 2019

	Fitting out and engineering services *HK$'000*	**Design and procurement of furnishings and related products services** *HK$'000*	**Money lending** *HK$'000*	**Wines merchandising** *HK$'000*	**Financial services business** *HK$'000*	**Leasing of construction equipment** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Impairment of intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**62**	**62**
(Reversal) of/allowance for expected credit loss	**16**	**24**	**(58)**	**53**	**–**	**–**	**–**	**35**
Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:								
Increase in fair value of an investment property	**–**	**–**	**–**	**–**	**–**	**–**	**(3,200)**	**(3,200)**
Depreciation of plant and equipment	**133**	**1,055**	**–**	**21**	**–**	**–**	**770**	**1,979**
Additions to plant and equipment	**80**	**–**	**–**	**–**	**–**	**5,398**	**–**	**5,478**
Bank interest income	**–**	**–**	**–**	**–**	**–**	**–**	**(31)**	**(31)**
Finance costs	**–**	**–**	**–**	**–**	**–**	**–**	**85**	**85**

For the year ended 31 March 2018

	Fitting out and engineering services *HK$'000*	Design and procurement of furnishings and related products services *HK$'000*	Money lending *HK$'000*	Wines merchandising *HK$'000*	Financial services business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Written off of trade and other receivables	135	534	–	–	–	–	669
Impairment loss on trade receivables	3,915	923	–	–	–	–	4,838
Reversal of impairment loss of trade and other receivables	(43)	–	–	–	–	–	(43)
Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:							
Increase in fair value of an investment property	–	–	–	–	–	(2,500)	(2,500)
Depreciation of plant and equipment	453	1	–	22	–	886	1,362
Additions to plant and equipment	1,136	1,274	–	13	–	23	2,446
Bank interest income	–	–	–	–	–	(67)	(67)
Finance costs	–	–	–	–	–	161	161

Geographical Information

The Group's operations are located in Hong Kong, the PRC and Malaysia.

The Group's revenue from external customers is presented based on the location of the operations and information about its non-current assets is presented based on the geographical location of the assets as detailed below:

	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**24,517**	33,097	**57,696**	49,795
The PRC	**1,008**	–	**4**	5
Malaysia	**2,625**	–	**–**	–
	28,150	33,097	**57,700**	49,800

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A[1, 5]	**5,550**	N/A[5]
Customer B[3, 5]	**5,330**	N/A[5]
Customer C[1, 2]	**2,833**	8,042
Customer D[3]	**N/A**[4]	4,245

[1] Revenue from fitting out and engineering services

[2] Revenue from design and procurement of furnishings and related products services

[3] Revenue from wine merchandising

[4] The corresponding revenue did not contribute over 10% of the total revenue of the Group

[5] New customers

6. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**31**	67
Reversal of expected credit loss in respect of loan receivables	**58**	–
Reversal of impairment loss in respect of trade and other receivables	**–**	43
Rental income	**723**	624
Exchange gain	**–**	154
Sundry income	**611**	71
	1,423	959

An analysis of the Group's net rental income is as follows:

	2019	2018
	HK$'000	*HK$'000*
Gross rental income	**723**	624
Less: Outgoings (included in administrative expenses)	**(117)**	(357)
	606	267

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on:		
– Secured bank borrowings	**83**	157
– Obligations under a finance lease	**2**	4
	85	161

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**–**	131
Over provision in prior years:		
Hong Kong profits tax	**–**	–
Singapore corporate tax	**–**	(27)
Deferred tax		
Current year	**135**	–
Income tax expense for the year	**135**	104

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK$2,000,000 of the estimated assessable profit of the qualifying group entity and 16.5% on the estimated assessable profit above HK$2,000,000 for the year ended 31 March 2019 (2018: 16.5%).

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 years.

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 year 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.

Deferred taxation has not been provided in the consolidated financial statements in respect of the temporary difference attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not release in the foreseeable future.

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(19,939)**	(27,989)
Tax expense at rates applicable to profits in the jurisdiction concerned	**(3,365)**	(4,703)
Tax effect of income not taxable for tax purpose	**(543)**	(525)
Tax effect of expenses not deductible for tax purpose	**24**	770
Tax effect of deductible temporary differences not recognised	**154**	(24)
Tax effect of tax losses not recognised	**4,102**	4,643
Utilisation of tax losses not recognised	**(234)**	–
Over provision in prior years	**–**	(27)
Effect of tax exemptions granted *(note)*	**(3)**	(30)
Income tax expense for the year	**135**	104

Note: Tax exemptions represented reduction of Hong Kong profits tax for the year of assessment 2018/2019 by 75% (2017/2018: 75%), subject to a ceiling of HK$20,000 (2017/2018: HK$30,000) per case and exemptions of Singapore income tax for the year of assessment 2017/2018 and 2018/2019 at regressive rate.

9. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Salaries and wages included in project costs	**516**	–
Salaries and wages included in administrative expenses:		
Directors' emoluments	**5,449**	4,906
Salaries, wages and other benefits (excluding directors' emoluments)	**10,792**	11,688
Contribution to defined contribution retirement benefits scheme (excluding directors)	**328**	305
	17,085	16,899
Depreciation	**1,979**	1,362
Auditor's remuneration	**600**	550
Written off of trade and other receivables	**–**	669
Allowance for expected credit loss on trade and other receivables	**93**	–
Impairment loss on trade and other receivables	**–**	4,838
Minimum lease payments under operating leases in respect of office premises	**6,943**	1,751

10. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

11. 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 data:

Loss

	2019	2018
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share	**(20,074)**	(28,093)

Number of shares

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**388,062**	363,000

Loss per share

	2019	2018
	HK cents	*HK cents*
Basic and diluted	**(5.17)**	(7.74)

Since there were no potential dilutive shares in issue during the years ended 31 March 2019 and 2018, basic and diluted loss per share are the same for both years.

12. LOAN AND INTEREST RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Current	**5,962**	24,227
Non-current	**–**	–
	5,962	24,227
Analyzed as:		
With one year	**5,962**	24,227
	5,962	24,227

	2019	2018
	HK$'000	*HK$'000*
Loan receivables	**6,000**	23,500
Interest receivables	**146**	727
Less: Allowance for expected credit losses	**(184)**	–
	5,962	24,227

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 unsecured, 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 mentioned above.

The loan and interest receivables (2018: Nil) were past due but not impaired at 31 March 2019. 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 movement in the allowance for ECL that has been recognised for loan receivables for the year ended 31 March 2019 is as follows:

	HK$'000
Balance as at 31 March 2018 under HKAS 39	–
Adjustment upon application of HKFRS 9	242
Adjusted balance as at 1 April 2018	242
Reversal of allowance for expected credit losses	**(58)**
Balance as at 31 March 2019	**184**

13. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Fine and rare wines held for sale, at cost	**975**	1,408

14. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**12,952**	5,860
Less: Allowance for impairment of trade receivables	**(4,329)**	(4,889)
Net trade receivables	**8,623**	971
Retention money receivables *(note)*	**–**	1,844
Less: Allowance for impairment of retention money receivables	**–**	–
Net retention money receivables	**–**	1,844
Deposit, prepayment and advance to suppliers	**10,498**	4,088
Other receivables	**91**	87
Total trade and other receivables	**19,212**	6,990

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 31 March 2019 in accordance with HKFRS 15.

The Group allows an average credit period ranging from 30 to 180 day to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**7,933**	12
More than 30 days but within 90 days	**690**	–
More than 90 days but within 180 days	**–**	–
More than 180 days but within 365 days	**–**	–
More than 365 days	**–**	959
	8,623	971

None of the Group's trade receivables (2018: approximately HK$959,000) was past due as at 31 March 2019 for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and they are still considered as recoverable. The Group does not hold any collateral over these balances.

The aged analysis of trade receivables which are past due but not impaired is set out below:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**–**	–
More than 30 days but within 90 days	**–**	–
More than 90 days	**–**	959
	–	959

The movement in the allowance for impairment of trade and other receivables is set out below:

	2019	2018
	HK$'000	*HK$'000*
At the beginning of the financial year	**4,889**	2,375
Allowance for expected credit loss	**93**	–
Impairment losses recognised	**–**	4,838
Amount written off as uncollectible	**(653)**	(2,281)
Impairment loss reversed	**–**	(43)
At the end of the financial year	**4,329**	4,889

Included in the allowance for impairment of trade and other receivables are individually impaired trade and other receivables with an aggregate balance of approximately HK$4,236,000 (2018: HK$4,889,000) which had been long outstanding. The individually impaired trade and other receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**19,166**	6,427
RMB	**15**	4
Malaysia Ringgit ("MYR")	**–**	559
US$	**–**	–
Singapore Dollars ("SGD")	**31**	–
	19,212	6,990

15. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**3,379**	582
Receipt in advances	**206**	263
Accrued expenses and other payables	**4,504**	2,117
	8,089	2,962
Less non-current portion: other payables *(a)*	**(470)**	–
Current portion	**7,619**	2,962

(a) Non-current portion of other payables represents the consideration payable for the acquisition of a subsidiary during the year ended 31 March 2019.

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

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**2,557**	28
More than 30 days but within 90 days	**–**	189
More than 90 days	**822**	365
	3,379	582

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. Included in trade and other payables in the consolidated statements of financial position are mainly the following amounts denominated in currencies other than the functional currency of the entities to which they relate:

	2019	2018
	HK$'000	*HK$'000*
HK$	**7,781**	2,859
RMB	**308**	103
	8,089	2,962

16. GOODWILL

	2019	2018
	HK$'000	*HK$'000*
Cost:		
As at 1 April	**854**	–
Acquisition of a subsidiary *(note 19)*	**1,867**	854
As at 31 March	**2,721**	854
Accumulated impairment losses:		
As at 1 April and 31 March	**–**	–
Carrying Value:		
As at 31 March	**2,721**	854

Goodwill acquired through business combination during the year ended 31 March 2018 and 2019 of approximately HK$854,000 and HK$1,867,000 have been allocated to the financial services business segment and fitting out and engineering services business segment.

An analysis of goodwill attributable to the relevant cash-generating units ("CGUs") is as follows:

	Financial services business segment CGU *HK$'000*	Fitting out and engineering services business segment CGU *HK$'000*	Total *HK$'000*
Carrying value at 1 April 2017	–	–	–
Goodwill arising from acquisition of subsidiary *(note 19(b))*	854	–	854
Carrying value at 31 March 2018 and 1 April 2018	**854**	**–**	**854**
Goodwill arising from acquisition of subsidiary *(note 19(a))*	**–**	**1,867**	**1,867**
Carrying value at 31 March 2019	**854**	**1,867**	**2,721**

The Group has appointed an independent qualified professional valuer, Peak Vision Appraisals Limited to perform its annual impairment test for goodwill allocated to the financial services business segment CGU and fitting out and engineering services business segment CGU by comparing its recoverable amount to its carrying amount as at the end of the reporting period. The recoverable amounts of the CGUs are determined based on the fair value less costs of disposal by reference to comparable and the value-in-use calculations which are required to estimate the future cash flow of the CGU and to determine the assumptions (including the revenue growth rates, gross margin and long term growth rate used in the cash flow projections and the discount rate) applied to bring the future cash flow back to their present values. Management of the Group determines that there is no impairment of goodwill for the years ended 31 March 2019 and 2018.

17. INVESTMENT PROPERTY

	Total *HK$'000*
FAIR VALUE	
At 1 April 2017	22,500
Increase in fair value recognised in profit or loss	2,500
At 31 March 2018	25,000
Increase in fair value recognised in profit or loss	**3,200**
At 31 March 2019	**28,200**

The fair value of the Group's investment property at 31 March 2019 has been arrived at on the basis of a valuation carried out on that date by Peak Vision Appraisals Limited ("PVA"), an independent qualified professional valuers not connected with the Group. PVA is a member of the Institute of Surveyors. The valuation was arrived at by market prevailing market rents for comparable properties in the same location and condition, expected future market rents and appropriate discount rates, market prices if appropriate.

All of the Group's property interests held under operating leases to earn rentals purposes are measured using the fair value model and are classified and accounted for as investment property.

The Group's investment property which was pledged to secure banking facilities granted to the Group in prior years has been released from the charge on 18 September 2018.

18. INTANGIBLE ASSETS

	Securities licences *HK$'000*	Cross-boundary vehicle licence *HK$'000*	Total *HK$'000*
Cost:			
At 1 April 2017			
Acquisition of assets through acquisition of a subsidiary *(note 20)*	–	1,876	1,876
Acquisition of a subsidiary *(note 19(b))*	18,738	–	18,738
At 31 March 2018, 1 April 2018 and 31 March 2019	**18,738**	**1,876**	**20,614**
Accumulated impairment losses:			
At 31 March 2018 and 1 April 2018	**–**	**–**	**–**
Impairment loss recognised	**–**	**62**	**62**
As 31 March 2019	**–**	**62**	**62**
Carrying value:			
As at 31 March 2019	**18,738**	**1,814**	**20,552**
As at 31 March 2018	18,738	1,876	20,614

The intangible assets represent (i) the licences (the "SFO Licences") to carry on Type 1 (Trading of securities), Type 4 (Advising on securities) and Type 9 (Asset management) activities under the Securities and Futures ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong) and (ii) the cross-boundary vehicle licence.

SFO Licences

The Group has appointed an independent qualified professional valuer, Peak Vision Appraisals Limited, to perform an appraisal of the value of the SFO Licences as at 31 March 2019. The recoverable amount of intangible asset has been determined based on the fair value less cost of disposal by reference to comparables. No impairment of the SFO Licences has been provided as the recoverable amount of the SFO Licences was higher than its carrying amount as at 31 March 2019.

The cross-boundary vehicle licence

The Group has appointed an independent qualified professional valuer, Peak Vision Appraisals Limited, to perform an appraisal of the value of the cross-boundary vehicle licence as at 31 March 2019. The recoverable amount of intangible asset has been determined on the basis of value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by management from 2020 to 2024 by applying average growth rate of 2.5% in market rental and a discount rate of 11.1%. Cash inflows/outflows have been determined based on past performance and management's expectations for the market development.

Impairment of approximately HK$62,000 (2018: Nil) on the cross-boundary vehicle licence has been provided as the recoverable amount of the cross-boundary vehicle licence was less than its carrying amount as at 31 March 2019.

19. BUSINESS COMBINATION

(a) Acquisition of a subsidiary during the year ended 31 March 2019

On 21 December 2018, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with two independent third parties (the "Vendors"), pursuant to which the Group agreed to acquire and the Vendors agreed to sell the sale loan in the amount of HK$5,438,000, being all obligations, liabilities and indebtedness owing or incurred by the target company (the "Waterproofing Target") to the Vendors on or at any time prior to the completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion, and the entire issued share capital of the Waterproofing Target, which is engaged in the waterproofing works and maintenance business in Hong Kong, at a consideration of HK$1,880,000, of which HK$940,000 (being 50% of the total Consideration), was payable by the Group to the Vendors in cash upon completion and the remaining was payable by the Group by 2 installments upon expiry of a period of six months from the date of completion; and a period of 18 months from the date of completion. The acquisition was completed on 21 December 2018.

The fair value of identifiable assets and liabilities of the Waterproofing Target Target at completion date are disclosed as below:

	HK$'000
Plant and equipment	**1**
Deposit and prepayment	**13**
Bank balances	**1**
Accruals	**(2)**
Amount due to the Vendors	**(5,438)**
Net liabilities acquired	**(5,425)**
Less: The sale loan	**5,438**
Goodwill *(note 16)*	**1,867**
Total consideration	**1,880**
Satisfied by:	
Cash paid upon completion	**940**
Other payable	
– upon six months after completion	**470**
– upon eighteen months after completion	**470**
	1,880

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the Waterproofing Target is as follows:

	HK$'000
Consideration settled in cash upon completion	**(940)**
Bank balances acquired of	**1**
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	**(939)**

Included in revenue and net profit of the Group for the year ended 31 March 2019 are approximately HK$5,550,000 and HK$572,000, respectively attributable by this newly acquired subsidiary for the period between the date of acquisition and 31 March 2019.

Had this business combination been effected on 1 April 2018, the revenue and net profit for the year attributed to the Group would be approximately HK$5,593,000 and HK$499,000, respectively. The pro forma information is for illustrative purpose only.

(b) Acquisition of a subsidiary during the year ended 31 March 2018

On 7 September 2016, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party (the "Vendor"), pursuant to which the Group agreed to acquire and the Vendor agreed to sell the entire issued share capital in a company (the "Licensed Target") with licences to carry on Type 1, 4 and 9 regulated activities under the Securities and Futures Ordinance ("SFO") at a consideration equivalent to a premium of HK$16,500,000 over the net assets value of the Licensed Target as at the completion date (limited to a maximum consideration at HK$22,500,000). The acquisition was completed on 21 September 2017 and the consideration was determined to be approximately HK$20,230,000.

The fair value of identifiable assets and liabilities of the Licensed Target at completion date are disclosed as below:

	HK$'000
Intangible assets	18,738
Prepayment	1
Bank balances	3,830
Accruals	(101)
Deferred tax liabilities	(3,092)
Net assets acquired	19,376
Goodwill *(note 16)*	854
Total consideration	20,230

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the Licenced Target is as follows:

	HK$'000
Cash consideration	(20,230)
Bank balances acquired of	3,830
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(16,400)
Deposit paid in 2017	4,125
Net cash outflow during the year ended 31 March 2018	(12,275)

Included in revenue and net loss of the Group for the year ended 31 March 2018 was none and approximately HK$1,125,000 respectively attributable by this newly acquired subsidiary for the period between the date of acquisition and 31 March 2018.

Had this business combination been effected on 1 April 2017, the revenue and net loss for the year attributed to the Group would be approximately HK$450,000 and HK$2,192,000, respectively. The pro forma information is for illustrative purpose only.

20. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 24 October 2017, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party, pursuant to which the Group agreed to acquire the entire issued share capital in a company with a cross-boundary vehicle license at a consideration of HK$1,886,000. The directors of the Company are of the opinion that the acquisition is in substance an acquisition of assets instead of an acquisition of business as the only principal asset included in the company is the cross-boundary vehicle license.

The fair value of identifiable assets and liabilities of the company at completion date are disclosed as below:

	HK$'000
Intangible assets	1,876
Cash	10
Net assets acquired	1,886
Total consideration	1,886

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the company is as follows:

	HK$'000
Cash consideration	(1,886)
Cash balances acquired of	10
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(1,876)

21. OPERATING LEASE COMMITMENTS

The Group as lessee

	2019	2018
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases during the year		
Premises	**6,943**	1,751

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in relation to office premises and warehouse, falling due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**8,517**	2,526
In the second to fifth years inclusive	**10,774**	512
	19,291	3,038

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 in both years.

The Group as lessor

Property rental income earned during the year was approximately HK$723,000 (2018: HK$624,000). The property held for rental purposes is expected to generate rental yields of 2.56% (2018: 2.50%) on an ongoing basis. The property held has committed tenants for the next two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**351**	500
In the second to fifth years inclusive	**17**	18
	368	518

22. RELATED PARTY TRANSACTIONS

During the year, 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 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 Company during the year was as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	**8,846**	8,531
Contributions to retirement benefits scheme	**155**	107
	9,001	8,638

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

23. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of reporting period:

	2019	2018
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Acquisition of construction equipment	**11,152**	–
– Development of construction equipment management system	**125**	–
	11,277	–

24. CONTINGENT LIABILITY

On 9 December 2015, a supplier has filed a statement of claim of approximately HK$1,000,000 against a subsidiary of the Group. As at date of the report, 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 this claim has been made in the consolidation financial statements for the year ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

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

Breakdown of revenue by type of business is as follows:

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Fitting out and engineering services income	**14,327**	10,652
Design and procurement of furnishings and related products services income	**4,689**	4,119
Interest income from money lending	**3,304**	4,495
Income from sourcing and merchandising of fine and rare wines	**5,830**	13,831
	28,150	33,097

Breakdown of revenue by geographical locations is as follows:

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**24,517**	33,097
Malaysia	**2,625**	–
The PRC	**1,008**	–
	28,150	33,097

The total revenue for the year ended 31 March 2019 was approximately HK$28.2 million (2018: HK$33.1 million) which represents HK$4.9 million or 14.9% decrease as compared to the corresponding period of last year. Such decrease was mainly attributable to the decrease in revenue generated from the sourcing and merchandising of fine and rare wines.

The aggregate revenue generated from the fitting out and engineering services segment and design and procurement of furnishings and related products services segment increased from approximately HK$14.8 million for the year ended 31 March 2018 to approximately HK$19.0 million for the year ended 31 March 2019 due to the increase in number of projects executed by the Group as well as the engagement of waterproofing projects through a newly acquired subsidiary.

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 first three quarters of the year. With the continuous effort and successfully restructuring of the operation and management of this segment, sales were reactivated during the fourth quarter of the year. Nevertheless, the Group recorded a significant decrease in revenue from this segment from approximately HK$13.8 million for the year ended 31 March 2018 to approximately HK$5.8 million for the year ended 31 March 2019.

The interest income from money lending decreased by approximately HK$1.2 million from approximately HK$4.5 million for the year ended 31 March 2018 to approximately HK$3.3 million for the year ended 31 March 2019 since certain of the loan portfolios were settled during the year.

Gross profit/(loss) for the year

For the year ended 31 March 2019, the Group recorded a gross profit of approximately HK$7.6 million (2018: approximately HK$3.4 million) and the overall gross profit margin was approximately 27.2% (2018: approximately 10.3%).

Gross profit/(loss) and gross profit/(loss) margin by types of business is as follows:

	Gross profit/(loss) for the year ended 31 March		Gross profit/(loss) margin for the year ended 31 March	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	*%*	*%*
Fitting out and engineering services	**2,259**	(2,867)	**15.8**	(26.9)
Design and procurement of furnishings and related products services	**1,833**	183	**39.1**	4.4
Money lending	**3,304**	4,495	**100.0**	100.0
Sourcing and merchandising of fine and rare wines	**251**	1,600	**4.3**	11.6
	7,647	3,411	**27.2**	10.3

During the year ended 31 March 2019, the overall gross profit of the Group amounted to approximately HK$7.6 million, with an increment of approximately HK$4.2 million or 124.2% from the overall gross profit of last year of approximately HK$3.4 million. Such gross profit was mainly attributable to the turned-around gross profit of approximately HK$2.3 million recorded by the fitting out and engineering services for the year ended 31 March 2019 whilst a gross loss of approximately HK$2.9 million was recognised for the year ended 31 March 2018.

Loss for the year

The Group's overall administrative expenses decreased by approximately HK$2.6 million or approximately 7.4% from last year's approximately HK$34.7 million to approximately HK$32.1 million for the year ended 31 March 2019 even there was an increase in rental expenses 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. The decrease in the administrative expenses was mainly attributable to (i) decrease in impairment of trade and other receivables and (ii) there were one-off incidental costs relating to the acquisition of a subsidiary with licences to carry on Type 1, 4 and 9 regulated activities under the Securities and Futures Ordinance in last year.

As a result, loss for the year ended 31 March 2019 was approximately HK$20.1 million (2018: HK$28.1 million), representing a decrease in loss of approximately HK$8.0 million or approximately 28.5% as compared with last year. Such decrease in loss was mainly attributable to the overall improvement in the performance of the Group with increase in gross profit and the decrease of administrative expenses.

Business Review and Prospects

During the year ended 31 March 2019, the Group proactively sought and explored new opportunities and new businesses in order to strengthen and further development of the existing operations and segments through acquisition and establishment of new businesses.

The Group had re-structured the business segments in order to better reflect the development of the Group. The segments of the Group are re-designated as:

(1) fitting out and engineering services, comprising the previously design and fitting out service segment and provision of other engineering services;

(2) design and procurement of furnishings and related products services, renamed from the previously design and procurement of furnishings and decorative materials services;

(3) money lending;

(4) sourcing and merchandising of fine and rare wines;

(5) financial services, renamed from the previously securities business; and

(6) leasing of construction equipment, a newly developed business.

Provision of fitting out and engineering services

During the year, the Group completed an acquisition of a Hong Kong company engaging in waterproofing works and maintenance services in December 2018, details of which are stated in the Company's announcement dated 21 December 2018. Through this acquisition, the Group's design and fitting out services business had been further developed and expanded into the fitting out and engineering services business.

The Group had 3 brought forward fitting out projects, 31 new fitting out projects and 2 new waterproofing projects totalling 36 projects, of which, 32 fitting out projects and 1 waterproofing project have been completed during the year. As a result, there were 3 projects in progress (2 fitting out projects and 1 waterproofing project) as at 31 March 2019, all of which are in Hong Kong.

The 3 carried forward projects are expected to 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.

Provision of design and procurement of furnishings and related products services

During the year, the Group had 2 brought forward projects and 4 new projects totalling 6 projects, of which , 4 projects have been completed during the year. As a result, there were 2 projects in progress as at 31 March 2019, all of which are in Malaysia.

The Group will look for business opportunities together with the fitting out projects.

Money lending business

During the year, the Group had collected certain of the loan receivables upon their maturity. There was loan portfolio in Hong Kong with principal amount of HK$6 million as at 31 March 2019. The Group recognised an aggregate interest income of approximately HK$3.3 million for the year (2018: HK$4.5 million).

The Group has not granted any new loan during the year 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 maintain 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's sourcing and merchandising of fine and rare wines ("Wines Merchandising") has attributed a total revenue of approximately HK$5.8 million for the year ended 31 March 2019 (2018: HK$13.8 million).

The Group experienced a staff turnover in the sales team of the Wines Merchandising during the third quarter of the last year. With the continuous efforts put by the management, the Group has successfully re-structured the operation of this segment and re-activated its business during the last quarter of the year. The Group has been actively in identification of suppliers and potential customers to sustain the development of this business. The Group expects the wine merchandising business will attribute a stable and solid income stream to the Group in the coming years.

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 year. The Group is in formulation of the business plan for the financial services business.

Leasing of construction equipment business

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. During the year, the Group entered into a master agreement and purchase orders with a supplier for purchase of scaffolding equipment in aggregate amount of approximately HK$20 million, details of which are stated in the Company's announcement dated 18 December 2018. 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. As at the date of this announcement, the Group has received approximately 671.5 tons of the scaffolding equipment and 2 leasing contract(s) have been entered. The Group expects the commencement of the leasing of construction equipment business will further enrich the income stream to the revenue of the Group.

Other business development

Besides the above business development, the Group is proactively seeking for business opportunities and exploring new investment opportunities in order to further diversify the principal activities of the Group to strengthen and broaden its revenue base.

The Board believes the expansion and diversification of business 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 year, the Group financed its operations through fund raising exercise, banking facilities and by its internal resources.

As at 31 March 2019, the Group had net current assets of approximately HK$50.6 million (2018: HK$64.3 million), including bank deposit, cash and bank balances of approximately HK$27.0 million (2018: HK$41.6 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 7.5 times as at 31 March 2019 (2018: 7.4 times). The decrease in the current ratio during the year was mainly attributable to the settlement for the purchase of the construction equipment for leasing purposes and leasehold improvement for establishment of a warehouse for storage of construction equipment.

Capital Structure and Gearing

The capital of the Group comprises only ordinary shares. On 26 November 2018, the Company issued 72,600,000 new shares through the placing of new shares (the ”Placing”) with proceeds amounting to approximately HK$14.0 million, net of share issuing costs. As at 31 March 2019, the Company has 435,600,000 ordinary shares in issue. Total equity attributable to owners of the Company amounted to approximately HK$104.4 million as at 31 March 2019 (2018: approximately HK$110.8 million).

As at 31 March 2019, the Group had no borrowing since the obligation under a finance lease (2018: approximately HK$90,000) and the secured bank borrowing (2018: approximately HK$6.7 million) have been fully repaid by the Group in March 2019 and August 2018, respectively. The Group’s gearing ratio, calculated by dividing total borrowings by total equity, was nil (2018: 6.12%). The significant decrease in the gearing ratio during the year ended 31 March 2019 was mainly due to the full repayment of the obligation under a finance lease and the secured bank borrowing by the Group in March 2019 and August 2018, respectively.

Placing of New Shares under General Mandate

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

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

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

	Planned use of proceeds as described in the announcement dated 1 November 2018	**Actual use of proceeds up to date of this announcement**
	HK$'000	*HK$'000*
Net proceeds from the Placing		
– purchase of construction equipment	13,800	7,514

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 31 March 2019, the Group has no asset (2018: an investment property and a motor vehicle of the Group with carrying value of approximately HK$25.0 million and HK$0.1 million respectively and a bank deposit of approximately HK$0.3 million) pledged to banks to secure banking facilities and borrowings and charged for an obligation under finance lease.

Significant Acquisition and Disposal

During the year, the Group entered a master agreement and purchase orders with a supplier of scaffolding equipment in the amount of approximately HK$20 million, details of which are stated in the Company's announcement dated 18 December 2018. The scaffolding equipment will be leased by the Group to construction companies for use in construction projects in its ordinary course of business. 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.

Save as disclosed above and in notes 19 and 20 to this announcement, there has been no other significant acquisition and disposal of subsidiaries or assets of the Group during the year.

Contingent Liabilities

Save as disclosed in note 24 to this announcement, the Group did not have other significant contingent liabilities as at 31 March 2019.

Commitments

Details of the commitments of the Group as at 31 March 2019 are set out in notes 21 and 23 to this announcement.

Employees and Remuneration Policies

As at 31 March 2019, the Group employed 30 (2018: 38) 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 year ended 31 March 2019 (including Directors' emoluments and salaries to staff and Directors (including MPF contributions)) was approximately HK$17.1 million (2018: HK$16.9 million). There was no significant fluctuation in total remuneration during the year.

OTHER INFORMATION

Dividends

The Directors do not recommend the payment of any dividends for the year ended 31 March 2019.

Corporate Governance Practices

The Board considers that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the Rules (the "GEM Listing Rules") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 year ended 31 March 2019, the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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 year.

Following specific enquiry by the Company, all Directors confirmed that they have complied with such code of conduct throughout the year ended 31 March 2019.

Purchase, Sale or Redemption of Shares

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee, comprising three independent non-executive directors, has reviewed the financial statements of the Group for the year. The figures in respect of the preliminary announcement of the Group's results for the year have been agreed by the Company's auditor, Reanda Lau & Au Yeung (HK) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Reanda Lau & Au Yeung (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Reanda Lau & Au Yeung (HK) CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.royalcentury.hk). The annual report of the Company for the year ended 31 March 2019 containing all the information required by the GEM Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 12 June 2019

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting on the website of the Company at www.royalcentury.hk.