

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2019

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Revenue	4	8,453	3,397	14,151	12,498
Cost of sales		<u>(7,830)</u>	<u>(2,029)</u>	<u>(13,215)</u>	<u>(8,624)</u>
Gross profit		623	1,368	936	3,874
Other income, gains and losses	5	379	277	740	1,039
Administrative expenses		(7,119)	(9,009)	(14,127)	(16,327)
Finance costs	6	(193)	(28)	(411)	(84)
Loss before tax	7	(6,310)	(7,392)	(12,862)	(11,498)
Income tax expense	8	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Notes</i>	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	<u>(6,310)</u>	<u>(7,392)</u>	<u>(12,862)</u>	<u>(11,498)</u>
Other comprehensive expenses for the period				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>(30)</u>	<u>(13)</u>	<u>(30)</u>	<u>(113)</u>
Total comprehensive expenses for the period attributable to owners of the Company	<u><u>(6,340)</u></u>	<u><u>(7,405)</u></u>	<u><u>(12,892)</u></u>	<u><u>(11,611)</u></u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss per share				
– Basic and diluted	<u><u>9</u></u> (1.45)	<u><u>(2.04)</u></u>	<u><u>(2.95)</u></u>	<u><u>(3.17)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

		30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Plant and equipment	11	14,604	6,227
Right-of-use assets	11	13,905	–
Investment property	11	28,200	28,200
Goodwill		2,721	2,721
Intangible assets		<u>20,552</u>	<u>20,552</u>
		<u>79,982</u>	<u>57,700</u>
Current assets			
Loan and interest receivables	12	6,442	5,962
Inventories	13	959	975
Trade and other receivables	14	10,225	19,212
Contract assets	15(a)	752	5,170
Tax recoverable		80	60
Cash and bank balances	16	<u>18,379</u>	<u>27,009</u>
		<u>36,837</u>	<u>58,388</u>
Current liabilities			
Trade and other payables	17	7,295	7,619
Contract liabilities	15(b)	511	109
Income tax payable		25	25
Lease liabilities		<u>7,150</u>	<u>–</u>
		<u>14,981</u>	<u>7,753</u>
Net current assets		<u>21,856</u>	<u>50,635</u>
Total assets less current liabilities		<u><u>101,838</u></u>	<u><u>108,335</u></u>

		30 September	31 March
		2019	2019
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
Equity			
Share capital	<i>18</i>	168,887	168,887
Reserves		<u>(77,366)</u>	<u>(64,474)</u>
Total equity		<u>91,521</u>	<u>104,413</u>
Non-current liabilities			
Deferred tax liabilities		3,388	3,452
Lease liabilities		6,929	–
Other payables	<i>17</i>	<u>–</u>	<u>470</u>
		<u>10,317</u>	<u>3,922</u>
		<u>101,838</u>	<u>108,335</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 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 2019.

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

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

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

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

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

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

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

The impact of the adoption of HKFRS 16 Leases and HK(IFRIC) – Int 23 Uncertainty over Income Tax Treatments are disclosed in Note 3.1 and Note 3.2 below, respectively. Other new or amended standards and interpretation did not have any material impact on the Group’s accounting policies.

3.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transitional provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets include:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever: the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 “Revenue from Contracts with Customers” to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.0%.

	At 1 April 2019 <i>HK\$'000</i> (Unaudited)
Operating lease commitments disclosed as at 31 March 2019	19,291
<i>Less:</i> Discounted using the lessee's incremental borrowing rate at the date of initial application	(1,153)
<i>Less:</i> Recognition exemption – short-term and low-value leases	(616)
<i>Add:</i> Variable lease payment	<u>465</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	<u><u>17,987</u></u>
Analyzed as:	
– Current	7,862
– Non-current	<u>10,125</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	<u><u>17,987</u></u>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 – office premises and warehouse	<u><u>17,987</u></u>

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 April 2019. However, effective from 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The Group had insignificant balances of refundable rental deposits and advance lease payments as at 1 April 2019 and 30 September 2019.
- (c) Effective on 1 April 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Impact of the adoption of HKFRS 16 <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
Line items in the unaudited condensed consolidated statement of financial position as at 1 April 2019 impacted by the adoption of HKFRS 16:			
Non-current assets			
Right-of-use assets	–	17,987	17,987
Current liabilities			
Lease liabilities	–	7,862	7,862
Non-current liabilities			
Lease liabilities	–	10,125	10,125

No adjustments have been made, in the application of HKFRS 16 as a lessor, on the Group's condensed consolidated statement of financial position as at 30 September 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period.

Except as described above, the application of HKFRS 16 has had no material impact on the amounts reported set out in these unaudited condensed consolidated financial statements.

3.2 Impacts and changes in accounting policies of application on HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments

HK(IFRIC)-Int 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

The application of HK(IFRIC)-Int 23 in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3.3 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 17	Insurance Contracts ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 3 (Amendments)	Definition of a Business ¹
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ¹

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

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

³ 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 the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3.4 Change of depreciation method

During the current period, the Group reassessed the utilisation pattern of its plant and equipment whose costs were previously allocated to their residual values (if any) over their estimated useful lives using the diminishing balance method, and considered that the use of the straight line method could better reflect the actual usage of these assets. The change of depreciation method has no material impact on the amounts reported set out in these unaudited consolidation financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

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	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Fitting out and engineering services income	1,465	2,002	2,561	5,739
Design and procurement of furnishings and related product services income	300	533	600	4,823
Rental income from leasing of construction equipment	286	–	327	–
Sale of fine and rare wines	6,211	90	10,292	199
Interest income from money lending	191	772	371	1,737
	<u>8,453</u>	<u>3,397</u>	<u>14,151</u>	<u>12,498</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)

Revenue from contracts with customer:

Revenue recognised at a point in time

– Sale of fine and rare wines	6,211	90	10,292	199
-------------------------------	-------	----	--------	-----

Revenue recognised over time

– Fitting out and engineering services income	1,465	2,002	2,561	5,739
– Design and procurement of furnishings and related product services income	300	533	600	4,823

	<u>7,976</u>	<u>2,625</u>	<u>13,453</u>	<u>10,761</u>
--	--------------	--------------	---------------	---------------

Revenue from other sources

Rental income from leasing of construction equipment	286	–	327	–
Interest income from money lending	191	772	371	1,737

Total segment revenue	<u>8,453</u>	<u>3,397</u>	<u>14,151</u>	<u>12,498</u>
-----------------------	--------------	--------------	---------------	---------------

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its fitting out and engineering services income, design and procurement of furnishings and related product services income and sale of fine and rare wines as the performance obligation is part of a contract that has an original expected duration of one year or less.

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. During the current period, the money lending segment has been consolidated into the financial services segment in order to concentrate the resources of the similar financial services activities and reflect a more appropriate co-related nature of the related financial services. The management considered that the change in segment disclosure better and clearly reflects our business development and structure, and helps the shareholders or the potential investor better understand the Group’s revenue structure. The corresponding information for the period ended 30 September 2018 has been re-presented accordingly.

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

- (1) Provision of fitting out and engineering services comprising design and fitting out services and other engineering works and maintenance services (“Fitting out and engineering services”);
- (2) Provision of design and procurement of furnishings and related products services (“Design and procurement of furnishings and related products services”);
- (3) Leasing of construction equipment business (“Leasing of construction equipment”);
- (4) Sourcing and merchandising of fine and rare wines (“Wines merchandising”); and
- (5) Financial services business comprising securities advisory services, securities dealing and brokerage services, asset management services and money lending (“Financial services”).

(a) Segment revenue and results

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

For the six months ended 30 September 2019

	Fitting out and engineering services <i>HK\$'000</i> (unaudited)	Design and procurement of furnishings and related products services <i>HK\$'000</i> (unaudited)	Leasing of construction equipment <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	<u>2,561</u>	<u>600</u>	<u>327</u>	<u>10,292</u>	<u>371</u>	<u>14,151</u>
Segment profit/(loss)	<u>(2,767)</u>	<u>(1,380)</u>	<u>(4,462)</u>	<u>204</u>	<u>(524)</u>	<u>(8,929)</u>
Other income, gains and losses						590
Central administrative costs						(4,295)
Finance costs						(228)
Loss before tax						<u>(12,862)</u>

For the six months ended 30 September 2018

	Fitting out and engineering services <i>HK\$'000</i> (unaudited)	Design and procurement of furnishings and related products services <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	<u>5,739</u>	<u>4,823</u>	<u>199</u>	<u>1,737</u>	<u>12,498</u>
Segment profit/(loss)	<u>(4,936)</u>	<u>(1,681)</u>	<u>20</u>	<u>753</u>	<u>(5,844)</u>
Other income, gains and losses					384
Central administrative costs					(5,954)
Finance costs					(84)
Loss before tax					<u>(11,498)</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, gains and losses, central administrative costs (including directors' emoluments) and certain 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 is an analysis of the Group's assets and liabilities by reportable and operating segment:

As at 30 September 2019

	Fitting out and engineering services <i>HK\$'000</i> (unaudited)	Design and procurement of furnishings and related products services <i>HK\$'000</i> (unaudited)	Leasing of construction equipment <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment assets						
Non-current assets						
Plant and equipment	11	134	13,573	5	–	13,723
Right-of-use assets	–	–	5,902	–	–	5,902
Goodwill	1,867	–	–	–	854	2,721
Intangible assets	–	–	–	–	18,738	18,738
	<u>1,878</u>	<u>134</u>	<u>19,475</u>	<u>5</u>	<u>19,592</u>	<u>41,084</u>
Current assets	<u>819</u>	<u>1,651</u>	<u>3,864</u>	<u>4,017</u>	<u>6,523</u>	<u>16,874</u>
Segment assets	<u><u>2,697</u></u>	<u><u>1,785</u></u>	<u><u>23,339</u></u>	<u><u>4,022</u></u>	<u><u>26,115</u></u>	<u><u>57,958</u></u>
Unallocated:						
Cash and bank balances						18,379
Others						<u>40,482</u>
Total assets per condensed consolidated statement of financial position						
						<u><u>116,819</u></u>
Segment liabilities						
Non-current liabilities						
Deferred tax liabilities	–	–	–	–	3,092	3,092
Lease liabilities	–	–	2,450	–	–	2,450
	<u>–</u>	<u>–</u>	<u>2,450</u>	<u>–</u>	<u>3,092</u>	<u>5,542</u>
Current liabilities	<u>1,283</u>	<u>831</u>	<u>3,659</u>	<u>3,041</u>	<u>60</u>	<u>8,874</u>
Segment liabilities	<u><u>1,283</u></u>	<u><u>831</u></u>	<u><u>6,109</u></u>	<u><u>3,041</u></u>	<u><u>3,152</u></u>	<u><u>14,416</u></u>
Unallocated:						
Others						<u>10,882</u>
Total liabilities per condensed consolidated statement of financial position						
						<u><u>25,298</u></u>

	Fitting out and engineering services <i>HK\$'000</i> (Audited)	Design and procurement of furnishings and related products services <i>HK\$'000</i> (Audited)	Leasing of construction equipment <i>HK\$'000</i> (Audited)	Wines merchandising <i>HK\$'000</i> (Audited)	Financial services <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment assets						
Non-current assets						
Plant and equipment	312	402	5,398	16	–	6,128
Goodwill	1,867	–	–	–	854	2,721
Intangible assets	–	–	–	–	18,738	18,738
	2,179	402	5,398	16	19,592	27,587
Current assets	6,103	3,298	8,053	6,257	6,022	29,733
Segment assets	<u>8,282</u>	<u>3,700</u>	<u>13,451</u>	<u>6,273</u>	<u>25,614</u>	57,320
Unallocated:						
Cash and bank balances						27,009
Others						<u>31,759</u>
Total assets per condensed consolidated statement of financial position						<u>116,088</u>
Segment liabilities						
Non-current liabilities						
Deferred tax liabilities	63	–	–	–	3,092	3,155
	63	–	–	–	3,092	3,155
Current liabilities	4,259	862	251	22	50	5,444
Segment liabilities	<u>4,322</u>	<u>862</u>	<u>251</u>	<u>22</u>	<u>3,142</u>	8,599
Unallocated:						
Others						<u>3,076</u>
Total liabilities per condensed consolidated statement of financial position						<u>11,675</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, certain right-of-use assets, 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, certain lease liabilities, income tax payable and certain deferred tax liabilities as these liabilities are managed on a group basis.

5. OTHER INCOME, GAINS AND LOSSES

	For the three months ended 30 September		For the six months ended 30 September	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Bank interest income	58	1	74	2
Reversal of expected credit loss in respect of loan receivables	115	–	115	–
Reversal of expected credit loss in respect of trade receivables	–	–	15	–
Rental income	191	180	377	370
Exchange gain	11	4	11	4
Net gain on disposal of plant and equipment	–	92	129	92
Gain on disposal of subsidiaries (<i>note 19</i>)	3	–	3	–
Sundry income	1	–	16	571
	<u>379</u>	<u>277</u>	<u>740</u>	<u>1,039</u>

6. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Interest on:				
– Secured bank borrowings wholly repayable beyond five years	–	28	–	83
– Finance lease	–	–	–	1
– Lease liabilities	193	–	411	–
	<u>193</u>	<u>28</u>	<u>411</u>	<u>84</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	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Salaries and wages included in cost of sales	239	130	531	187
Salaries and wages included in administrative expenses:				
Directors' emoluments (including contribution to defined contribution retirement benefits scheme)	1,150	1,188	2,341	2,316
Salaries, wages and other benefits (excluding directors' emoluments)	1,503	3,583	3,214	6,343
Contribution to defined contribution retirement benefits scheme (excluding directors)	53	85	117	187
	<u>2,945</u>	<u>4,986</u>	<u>6,203</u>	<u>9,033</u>
Cost of inventories sold	6,070	439	10,065	3,951
Auditor's remuneration	–	–	–	–
Depreciation of plant and equipment (<i>Note a</i>)	1,119	553	2,045	1,104
Depreciation of right-of-use assets	1,340	–	2,786	–
Allowance for expected credit loss on trade receivables	18	–	219	–
Written off of trade and other receivables	31	35	31	35
Minimum lease payments under operating leases in respect of office premises (<i>Note b</i>)	504	1,733	1,008	3,123
Gross rental income less outgoings	<u>(163)</u>	<u>(148)</u>	<u>(318)</u>	<u>(301)</u>

Note:

- Depreciation of plant and equipment for six months ended 30 September 2019 amounted to approximately HK\$693,000 (six months ended 30 September 2018: Nil) was included in cost of sales.
- According to HKFRS16 Leases, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

8. INCOME TAX EXPENSE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Current tax:				
Hong Kong profits tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

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

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

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

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

9. LOSS PER SHARE

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

Loss for the period

	For the three months ended 30 September		For the six months ended 30 September	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Loss for the purpose of basic and diluted loss per share	<u>(6,310)</u>	<u>(7,392)</u>	<u>(12,862)</u>	<u>(11,498)</u>

Number of shares

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

	For the three months ended 30 September		For the six months ended 30 September	
	2019 <i>HK cents</i> (unaudited)	2018 <i>HK cents</i> (unaudited)	2019 <i>HK cents</i> (unaudited)	2018 <i>HK cents</i> (unaudited)
Basic and diluted	<u>(1.45)</u>	<u>(2.04)</u>	<u>(2.95)</u>	<u>(3.17)</u>

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

10. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

11. PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2019, the Group spent approximately HK\$10,719,000 (six months ended 30 September 2018: approximately HK\$66,000) on additions to plant and equipment.

During the six months ended 30 September 2019, plant and equipment with net book value of approximately HK\$39,000 (six months ended 30 September 2018: HK\$38,000) was disposed with a gain amounted to approximately HK\$129,000 (six months ended 30 September 2018: approximately HK\$92,000) was recorded.

During the six months ended 30 September 2019 and 2018, there was no addition or disposal of investment property.

During the six months ended 30 September 2019, the Group recognised right-of-use assets amounted to approximately HK\$17,987,000 in accordance with HKFRS 16.

12. LOAN AND INTEREST RECEIVABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Current	6,442	5,962
Non-current	—	—
	<u>6,442</u>	<u>5,962</u>
Analyzed as:		
With one year	<u>6,442</u>	<u>5,962</u>
	<u>6,442</u>	<u>5,962</u>
Loan receivables	6,300	6,000
Interest receivables	211	146
Less: Allowance for expected credit losses	<u>(69)</u>	<u>(184)</u>
	<u>6,442</u>	<u>5,962</u>

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.

Loan receivables were neither past due nor impaired as at 30 September 2019. Loan and interest receivables that were past due were not impaired as at each 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.

Movement in the Group's allowance for expected credit loss is as follows:

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
At beginning of the period/year (previously stated)	184	–
Adjustment upon application of HKFRS 9	<u>–</u>	<u>242</u>
At beginning of the period/year (restated)	184	242
Reversal of allowance for expected credit losses	<u>(115)</u>	<u>(58)</u>
At end of the period/year	<u>69</u>	<u>184</u>

13. INVENTORIES

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Fine and rare wines held for resale, at cost	<u>959</u>	<u>975</u>

14. TRADE AND OTHER RECEIVABLES

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Trade receivables	8,582	12,952
<i>Less:</i> Allowance for impairment of trade receivables	<u>(4,445)</u>	<u>(4,329)</u>
Net trade receivables	<u>4,137</u>	<u>8,623</u>
Deposit, prepayment and advance to suppliers	5,338	10,498
Other receivables	<u>750</u>	<u>91</u>
Total trade and other receivables	<u>10,225</u>	<u>19,212</u>

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.

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Within 30 days	3,433	7,933
More than 30 days but within 90 days	201	690
More than 90 days but within 180 days	450	–
More than 180 days but within 365 days	53	–
More than 365 days	–	–
	<u>4,137</u>	<u>8,623</u>

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

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
At the beginning of the period/year	4,329	4,889
Allowance for expected credit losses	204	93
Amount written off as uncollectible	–	(653)
Disposal of subsidiaries	(88)	–
	<u>4,445</u>	<u>4,329</u>
At the end of the period/year	<u>4,445</u>	<u>4,329</u>

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Provision of fitting out and engineering services and provision of design and procurement of furnishings and related products services	<u>752</u>	<u>5,170</u>

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the end of the reporting period. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables are included in contract assets until the end of the retention period as the Group's entitlement to the final payment is conditional on the Group's work satisfactorily passing inspection.

(b) Contract liabilities

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Provision of fitting out and engineering services and provision of design and procurement of furnishings and related products services	<u>511</u>	<u>109</u>

The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services

16. CASH AND BANK BALANCES

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

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
HK\$	17,365	22,592
RMB	787	469
US\$	77	2,310
Singapore Dollars ("SGD")	<u>150</u>	<u>1,638</u>
	<u>18,379</u>	<u>27,009</u>

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

17. TRADE AND OTHER PAYABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade payables	4,430	3,379
Receipt in advances	185	206
Accrued expenses and other payables	<u>2,680</u>	<u>4,504</u>
	<u>7,295</u>	<u>8,089</u>
Less non-current portion:		
Other payables (<i>Note</i>)	<u>–</u>	<u>(470)</u>
	<u><u>7,295</u></u>	<u><u>7,619</u></u>

Note: 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.

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Within 30 days	3,622	2,557
More than 30 days but within 90 days	–	–
More than 90 days	<u>808</u>	<u>822</u>
	<u><u>4,430</u></u>	<u><u>3,379</u></u>

18. SHARE CAPITAL

	Number of ordinary shares '000	Share capital HK\$'000
Issued and fully paid:		
As at 1 April 2018	363,000	154,851
Issue of new shares under placing, net of transaction costs (<i>Note</i>)	<u>72,600</u>	<u>14,036</u>
As at 31 March 2019 (audited) and 30 September 2019 (unaudited)	<u><u>435,600</u></u>	<u><u>168,887</u></u>

Note: 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 places 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. Details of the Placing were set out in an announcement of the Company dated 1 November 2018 and 26 November 2018. The net proceeds of the placing is intended to be used for the purchase of construction equipment for leasing purpose. These new shares were issued under the general mandate granted to the directors at an annual general meeting of the Company held on 7 September 2018.

19. GAIN ON DISPOSAL OF SUBSIDIARIES

On 30 August 2019, the Group entered into a disposal agreement with an independent third party, pursuant to which, the Group (i) disposed of its 100% equity interest in Wonder Express Development Limited and its subsidiaries (“Wonder Express”), indirect wholly owned subsidiaries of the Company; and (ii) assigned a shareholder’s loan of approximately HK\$26.3 million in full owing from Wonder Express to the Group for a cash consideration of HK\$450,000.

The major classes of assets and liabilities of Wonder Express as at 30 August 2019 were as follows:

	<i>HK\$’000</i> (Unaudited)
Plant and equipment	258
Right-of-use assets	341
Trade and other receivables	448
Cash and bank balances	143
Trade and other payables	(367)
Lease liabilities	(313)
Deferred tax liabilities	(63)
Amount due to the Group	<u>(26,287)</u>
	(25,840)
Assignment of amount due to the Group	<u>26,287</u>
	447
Gain on disposal of subsidiaries	<u>3</u>
Consideration	<u><u>450</u></u>
Satisfied by:	
Cash	<u><u>450</u></u>
Net cash inflow arising on the disposal is as follows:	
Consideration settled in cash	450
Cash and bank balances disposed	<u>(143)</u>
	<u><u>307</u></u>

20. CONTINGENT LIABILITIES

On 9 December 2015, a supplier filed a statement of claim for cost dispute of approximately HK\$1,000,000 against a subsidiary of the Group. During the six months ended 30 September 2019, the claim was settled with costs recognised in the condensed consolidated statement of profit or loss.

21. COMMITMENTS

(a) Capital commitments

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

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Contracted but not provided for:		
– Acquisition of construction equipment	5,957	11,152
– Development of construction equipment management system	125	125
	<u>6,082</u>	<u>11,277</u>

(b) Operating lease commitments

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases in relation to office premises and warehouse as at 31 March 2019 and commitments for future minimum lease payments under non-cancellable operating leases in relation to short-term leases and leases of low-value assets as at 30 September 2019, falling due as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Within one year	575	8,517
In the second to fifth years inclusive	–	10,774
	<u>575</u>	<u>19,291</u>

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:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Within one year	401	351
In the second to fifth years inclusive	<u>11</u>	<u>17</u>
	<u>412</u>	<u>368</u>

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.

22. RELATED PARTY TRANSACTIONS

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 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 2019 and 2018 is as follows:

	For the six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Salaries, allowances and other benefits	3,377	3,803
Contributions to retirement benefits scheme	80	65
	<u>3,457</u>	<u>3,868</u>

23. 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.

24. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Royal Century Resources Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in (i) provision of fitting out and engineering services comprising design and fitting out services and other engineering works and maintenance services, (ii) provision of design and procurement of furnishings and related products services, (iii) leasing of construction equipment which was developed and established during the year ended 31 March 2019 with operation commenced in the current period, (iv) sourcing and merchandising of fine and rare wines and (v) provision of financial services business comprising securities advisory services, securities dealing and brokerage services, asset management services and money lending.

During the current period, the money lending segment has been consolidated into the financial services segment in order to concentrate the resources of the similar financial services activities and reflect a more appropriate co-related nature of the related financial services. The management considered that the change in segment disclosure better and clearly reflects our business development and structure, and helps the shareholders or the potential investor better understand the Group’s revenue structure.

Financial Review

Revenue

Breakdown of revenue by types of business is as follows:

	For the six months ended 30 September	
	2019	2018
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Fitting out and engineering services income	2,561	5,739
Design and procurement of furnishings and related products services income	600	4,823
Rental income from leasing of construction equipment	327	–
Sale of fine and rare wines	10,292	199
Interest income from money lending	371	1,737
	14,151	12,498

Breakdown of revenue by geographical locations is as follows:

	For the six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	14,151	7,754
Malaysia	<u>–</u>	<u>4,744</u>
	<u>14,151</u>	<u>12,498</u>

The total revenue for the six months ended 30 September 2019 of the Group was approximately HK\$14.2 million (six months ended 30 September 2018: HK\$12.5 million) which represents approximately HK\$1.7 million or 13.2% increase as compared to the last corresponding period.

Due to the decrease in number of projects of both fitting out and engineering services and design and procurement of furnishings and related products services when compared with last corresponding period, revenue generated from these two segments decreased from last corresponding period's aggregate amount of approximately HK\$10.6 million to approximately HK\$3.2 million for the current reporting period.

Against the business performance of both fitting out and engineering services and design and procurement of furnishings and related products services, the total revenue of the Group for the current period reported improvements, mainly due to the commencement of the leasing of construction equipment business and growth of the sourcing and merchandising of fine and rare wines business.

The leasing of construction equipment business segment has successfully commenced its operation, but only recorded rental income of approximately HK\$0.3 million during the current period due to the unanticipated and adverse economic impact from the sudden outbreak of social unrest and an ongoing series of unstable activities in Hong Kong. Among the 7 existing leasing contracts, the demand schedule and project progress of 2 relatively large contracts with expected aggregate monthly rental of approximately HK\$0.4 million were regretly and finally postponed. Nevertheless, the Group has been in close contact and communication with the existing customers, and accordingly, around 480 tons of scaffolding equipment had been delivered and leased out subsequent to the end of the reporting period as compared with around 180 tons of scaffolding equipment delivered at the end of the reporting period.

Through successfully re-structuring of the operation and re-activation of the sourcing and merchandising of fine and rare wines business in last quarter of last year, the Group has developed and maintained a stable and sustainable relationship with its customers and suppliers. The segment recorded revenue of approximately HK\$10.3 million for the six months ended 30 September 2019, compared with last corresponding period of approximately HK\$0.2 million.

The revenue from money lending amounted to approximately HK\$0.4 million for the six months ended 30 September 2019, with a decrease of approximately HK\$1.3 million from last corresponding period of approximately HK\$1.7 million due to reduction in loan portfolio of the current reporting period.

Gross profit/(loss) for the period

For the six months ended 30 September 2019, the Group recorded a gross profit of approximately HK\$0.9 million (six months ended 30 September 2018: HK\$3.9 million). Gross profit/(loss) by types of business is as follows:

	Gross profit/(loss) for the six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Fitting out and engineering services	421	1,066
Design and procurement of furnishings and related products services	283	1,024
Leasing of construction equipment	(366)	N/A
Sourcing and merchandising of fine and rare wines	227	47
Money lending	371	1,737
	936	3,874

The gross profit of both fitting out and engineering services and design and procurement of furnishings and related products services was decreased by approximately HK\$1.4 million (in aggregate) resulting from (i) the decrease in the overall number of completed projects during the current period; and (ii) increase in direct material cost in a waterproofing project.

A gross loss of approximately HK\$0.4 million was recorded from leasing of construction equipment for the six months ended 30 September 2019. The Group has strategically offering attractive pricing to new customers in the initial stage of business development in order to establish the customer base and relationship with the customers. The depreciation of the construction equipment also attributed to the gross loss recorded for this segment as the construction equipment have not been fully leased out at the commencement of the business.

The gross profit from sourcing and merchandising of fine and rare wines increased by approximately HK\$0.2 million for the six months ended 30 September 2019 due to the increase in sales amount as compared with last corresponding period.

The gross profit from money lending decreased by approximately HK\$1.3 million from last corresponding period of approximately HK\$1.7 million to the current period of approximately HK\$0.4 million due to reduction in the loan portfolio during the current period.

Loss for the period

Whilst there was a drop in the gross profit for the period of approximately HK\$3.0 million as mentioned above, the Group's overall administrative expenses decreased by approximately HK\$2.2 million or approximately 13.5% from last corresponding period of approximately HK\$16.3 million to approximately HK\$14.1 million for the six months ended 30 September 2019. Such decrease was mainly attributable to the Group's implementation of stringent control and streamline of the operations which resulted in decrease of staff costs of approximately HK\$2.8 million.

As a result, loss for the six months ended 30 September 2019 was approximately HK\$12.9 million (six months ended 30 September 2018: HK\$11.5 million), representing an increase in loss of approximately HK\$1.4 million.

Business Review and Prospects

Provision of fitting out and engineering services

The Group had 3 brought forward fitting out and engineering projects (2 fitting out projects and 1 waterproofing project) and 11 new fitting out projects totalling 14 projects (six months ended 30 September 2018: 21 projects), of which 9 fitting out projects and 1 waterproofing project have been completed during the current period (six months ended 30 September 2018: 17 fitting out projects). As a result, there were 4 fitting out projects in progress as at 30 September 2019, all of which are in Hong Kong.

The Group mainly provided fitting out services to commercial institutions and residence end-users and further extended its scope of services to include the waterproofing works and maintenance services and to date, the Group has been invited by several existing and potential customers to submit several tenders regarding to the provision of waterproofing works and maintenance services during the current period.

However, due to the recent outbreak and development of the social unrest and unstable activities in Hong Kong, numerous construction projects including infrastructure construction projects and building repair and maintenance projects have been suspended or postponed which affects the operation and performance of the fitting out, engineering and related services. The Group has encountered fierce competition in relation to the tendering as the peer competitors were eager to bid the tenders with a lower margin strategy under the uncertain economic environment in Hong Kong. Nevertheless, the Group will continue to seek for and submit potential waterproofing work and maintenance service tenders.

Subsequent to the end of the reporting period, the Group has further awarded two waterproofing works and maintenance projects, including 1 from the Housing Authority. Furthermore, despite the short term impact from the recent social unrest resulting in business and consumer confidence waning, the Group believes the impact to be manageable in the near term. With the recent government initiatives unveiled in the 2019 Policy Address on 16 October 2019, it is expected to bring a continuous driving force to the construction and related industry and economic development.

In face of the keen competition of fitting out and engineering services, the Group has actively sought for business opportunities by exploring for new customers and new projects in order to strengthen its customer and revenue base for maximization of the return to the shareholders and the value of the Group.

Provision of design and procurement of furnishings and related products services

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

During the current period, the Group has provided showroom display facilities and received several orders in relation to the furnishings and related products at the end of the current period and the Group expects the orders will be completed in the coming quarters.

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

Leasing of construction equipment business

The leasing of construction equipment business segment was developed as a natural expansion of and ancillary to the existing principal business of the Group in last year. The business segment successfully and gradually commenced its operation and recorded rental income during the current period. As at the date of this announcement, the Group has received approximately 1,100 tons of the scaffolding equipment and 7 leasing contracts have been entered. The Group has gradually delivered the scaffolding equipment according to the demand schedule and project progress of the customers during the six months ended 30 September 2019.

It was a pity that the development of the leasing of construction equipment business has been unexpectedly slow down during the current period due to the sudden outbreak of the social unrest and unstable activities in Hong Kong. According to the Standard & Poor's rating portfolio, real estate and infrastructure industries are the most likely and directly affected in the short term. Therefore, certain of the infrastructure construction works or projects have been postponed and even temporarily held. Accordingly, the leasing and delivery of the scaffolding and related equipment has been affected.

Nevertheless, the Group is actively in contact and communication with the existing customers to arrange the delivery schedules and coordinate with the revised project plan of the customers. Subsequent to the end of the reporting period, approximately 40% of the scaffolding equipment has been leased out and delivered to the customers. The Group expects apart from certain inventory which has to be retained by the Group for replacement of orders from time to time, all of the existing scaffolding equipment will be leased out in the coming quarter and in turn will generate a significant increase in the revenue from this segment.

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

Sourcing and merchandising of fine and rare wines

During the current period, the Group has developed and maintained a stable and sustainable relationship with its customers and suppliers and securing recurring orders therefrom. The Group has been actively in identification of suppliers and more potential customers to sustain the development of this business. Accordingly, the Group has satisfactorily increased its revenue during the period. The Group expects the wine merchandising business will continue to attribute a stable and solid income stream to the Group.

Financial services business

The Group's money lending maintained a loan portfolio with principal amount of approximately HK\$6.3 million as at 30 September 2019 as compared with principal amount of approximately HK\$23.5 million as at 30 September 2018. The Group recognized an aggregate interest income of approximately HK\$0.4 million for the six months ended 30 September 2019 (six months ended 30 September 2018: HK\$1.7 million). The interest income was narrowing in line with the reduction in loan portfolio.

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

Other business development

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

Liquidity and Financial Resources

During the six months ended 30 September 2019, the Group financed its operations by its internal resources. As at 30 September 2019, the Group had net current assets of approximately HK\$21.9 million (31 March 2019: HK\$50.6 million), including cash and bank balances of approximately HK\$18.4 million (31 March 2018: HK\$27.0 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.5 times as at 30 September 2019 (31 March 2019: 7.5 times). The decrease in the current ratio during the six months ended 30 September 2019 was mainly attributable to payment for acquisition of scaffolding equipment and recognition of the lease liabilities arising from the initial application of HKFRS 16 during the current period.

Capital Structure and Gearing

The capital of the Group comprised only ordinary shares. There was no movement in the share capital of the Group during the six months ended 30 September 2019. Total equity attributable to owners of the Company amounted to approximately HK\$91.5 million as at 30 September 2019 (31 March 2019: HK\$104.4 million).

As at 30 September 2019, the Group's only borrowings comprised of lease liabilities of approximately HK\$14.1 million (31 March 2019: Nil). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 15.4% (31 March 2019: Nil). The increase in the gearing ratio during the six months ended 30 September 2019 was mainly attributable to the recognition of the lease liabilities arising from the initial application of HKFRS 16 during the current period.

Use of Proceeds from Placing of New Shares under General Mandate

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

On 1 November 2018, the Group and a placing agent entered into a placing agreement, pursuant to which the Group has appointed the placing agent to procure altogether not less than six independent places 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 <i>HK\$'000</i>	Actual use of proceeds up to 31 March 2019 <i>HK\$'000</i>	Actual use of proceeds up to end of the reporting period <i>HK\$'000</i>	Actual use of proceeds up to date of this announcement <i>HK\$'000</i>
Net proceeds from the Placing				
– Purchase of construction equipment	<u>13,800</u>	<u>4,800</u>	<u>9,995</u>	<u>13,800</u>

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2019.

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 instrument 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 Group Assets

As at 30 September 2019 and 31 March 2019, the Group did not pledge any of its assets.

Significant Acquisition and Disposal

Save as disclosed in note 11 and 19 to the condensed consolidated financial statements, there has been no significant acquisition and disposal of assets or subsidiaries of the Group during the six months ended 30 September 2019.

Contingent Liabilities

Save as disclosed in note 20 to the condensed consolidated financial statements, the Group did not have any other contingent liabilities as at 30 September 2019.

Commitments

Save as disclosed in note 21 to the condensed consolidated financial statements, the Group did not have any other commitment as at 30 September 2019.

Employees and Remuneration Policies

As at 30 September 2019, the Group employed 27 (30 September 2018: 36) 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 six months ended 30 September 2019 (including Directors’ emoluments and salaries to staff and Directors including MPF contributions) was approximately HK\$5.0 million (six months ended 30 September 2018: HK\$9.0 million). The decrease in the remuneration was mainly due to the decrease in the number of employees.

Directors' Right to Acquire Shares

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

Purchase, Sale or Redemption of Shares

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

Equity-Linked Agreements

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

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 2019, the Company has maintained the public float required by the GEM Listing Rules.

Competing Interests

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

Director	Name of company	Nature of business	Nature of interests
Mr. Chan Chi Yuen	Hong Kong ChaoShang Group Limited (formerly, Noble Century Investments Holdings Limited) ("HK ChaoShang") and its subsidiaries	Money lending business	Executive director and chief executive officer of HK ChaoShang
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 2019.

Corporate Governance Practices

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

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

Changes in Information of Director

Mr. Chan Chi Yuen had resigned as an independent non-executive director of China Baoli Technologies Holdings Limited (stock code: 164) on 18 September 2019 and an executive director of Great Wall Belt & Road Holdings Limited (stock code: 524) on 18 October 2019.

Audit Committee

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

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

Publication of interim results and interim report

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.royalcentury.hk). The interim report of the Company for the six months ended 30 September 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.

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, 8 November 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 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.