



**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 2020**

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

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# 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 2020 together with the comparative audited figures for the previous year as follows:

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

Year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	4	42,755	28,150
Cost of sales		<u>(37,285)</u>	<u>(20,503)</u>
Gross profit		5,470	7,647
Other income	6	912	1,365
Other gains (losses), net		192	81
Impairment of intangible assets	15	(5,403)	(62)
Impairment of goodwill	14	(854)	–
(Allowance for) Reversal of allowance for ECL on loan and interest receivables		(6)	58
Allowance for ECL on trade receivables		(382)	(93)
Allowance for ECL on contract assets		(65)	–
Change in fair value of investment property	12	(2,600)	3,200
Administrative expenses		(25,006)	(32,050)
Finance costs	7	<u>(1,207)</u>	<u>(85)</u>
Loss before tax	9	(28,949)	(19,939)
Income tax credit (expense)	8	<u>835</u>	<u>(135)</u>
Loss for the year attributable to owners of the Company		<u>(28,114)</u>	<u>(20,074)</u>
Other comprehensive loss for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(14)</u>	<u>(91)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(28,128)</u>	<u>(20,165)</u>
Loss per share:			
Basic and diluted ( <i>HK cents</i> )	11	<u>(6.05)</u>	<u>(5.17)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>18,545</b>	6,227
Investment property	<i>12</i>	<b>25,600</b>	28,200
Right-of-use assets	<i>13</i>	<b>19,895</b>	–
Goodwill	<i>14</i>	<b>1,867</b>	2,721
Intangible assets	<i>15</i>	<b>15,149</b>	20,552
Deposits for acquisition of property, plant and equipment		<b>297</b>	–
		<b>81,353</b>	57,700
<b>Current assets</b>			
Loan and interest receivables	<i>16</i>	<b>6,136</b>	5,962
Inventories	<i>17</i>	<b>827</b>	975
Trade and other receivables	<i>18</i>	<b>14,797</b>	19,212
Contract assets		<b>457</b>	5,170
Tax recoverable		<b>2</b>	60
Cash and bank balances		<b>10,698</b>	27,009
		<b>32,917</b>	58,388
<b>Current liabilities</b>			
Trade and other payables	<i>19</i>	<b>7,704</b>	7,619
Contract liabilities		<b>601</b>	109
Income tax payable		<b>25</b>	25
Lease liabilities	<i>20</i>	<b>6,827</b>	–
		<b>15,157</b>	7,753
Net current assets		<b>17,760</b>	50,635
Total assets less current liabilities		<b>99,113</b>	108,335

	<i>Notes</i>	<b>2020</b> <b><i>HK\$'000</i></b>	2019 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		<b>2,554</b>	3,452
Lease liabilities	<i>20</i>	<b>13,566</b>	–
Other payables	<i>19</i>	<u>–</u>	<u>470</u>
		<b><u>16,120</u></b>	<u>3,922</u>
NET ASSETS		<b><u><u>82,993</u></u></b>	<u><u>104,413</u></u>
Equity			
Share capital	<i>21</i>	<b>175,595</b>	168,887
Reserves		<u>(92,602)</u>	<u>(64,474)</u>
TOTAL EQUITY		<b><u><u>82,993</u></u></b>	<u><u>104,413</u></u>

# 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 GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is Suite 2201, 22/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together the “Group”) are principally engaged in:

- (i) provision of fitting out and engineering services;
- (ii) provision of design and procurement of furnishings and related products services;
- (iii) leasing of construction equipment;
- (iv) sourcing and merchandising of fine and rare wines; and
- (v) provision of financial services.

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.

The financial information relating to the years ended 31 March 2020 and 2019 included in this preliminary announcement of annual results for the year ended 31 March 2020 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived therefrom. 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) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated 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 and will deliver the consolidated financial statements for the year ended 31 March 2020 in due course.

The Company’s auditors have reported on the consolidated financial statements for the years. The auditor’s reports were 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”) 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 GEM of the Stock Exchange (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 value.

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

In the current year, the Group has applied the following new/revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”), amendments and interpretations (“Int(s)”), issued by the HKICPA for the first time.

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	2015-2017 Cycle

The impact of adoption of HKFRS 16 and HK(IFRIC) – Int 23 are described below. The adoption of the other new/revised HKFRSs mentioned above does not have any material impact on the consolidated financial statements of the Group.

### **HKFRS 16 Leases**

HKFRS 16 replaces HKAS 17 and related interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 April 2019 (i.e. the date of initial application, the “DIA”) using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated losses or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

#### ***As lessee***

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group’s accounting policies applicable prior to the DIA.

Upon the adoption of HKFRS 16, the Group accounted for the lease in accordance with the transitional provisions of HKFRS 16 and the Group’s accounting policies applicable from the DIA.

#### ***As lessee – leases previously classified as operating leases***

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 DIA;
- ii. excluded initial direct costs from measuring the right-of-use assets at the DIA;
- iii. applied a single discount rate to a portfolio of leases with reasonably similar remaining characteristics; and
- iv. used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, except for those that were previously or will be accounted for as investment property using the fair value model, right-of-use assets were, on a lease-by-lease basis, measured at either,

- (a) their carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the DIA; or
- (b) an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

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

At the DIA, 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.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied is 5%.

Reconciliation of operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 and lease liabilities recognised at the DIA is as follow:

*HK\$'000*

Operating lease commitments as at 31 March 2019	19,291
Less: Discounting using the lessee's incremental borrowing rate at the DIA	(1,153)
Less: Recognition exemption – short-term and low-value leases	(616)
Add: Liabilities for renewal option previously not reflected in operating lease commitments	<u>9,827</u>
Lease liabilities as at 1 April 2019	<u><u>27,349</u></u>

*As lessee – leases previously classified as finance leases*

The leasehold land and buildings of the Group that are held for rental or capital appreciation purpose and previously classified as finance lease under HKAS 17 continue to be accounted for under HKAS 40 “Investment Property” and carried at fair value.

*As lessee – impact on the consolidated statement of financial position*

At the DIA, except for those that meet the definition of investment properties, all other right-of-use assets were presented within the line item “right-of-use assets” on the consolidated statement of financial position. Besides, lease liabilities were shown separately on the consolidated statement of financial position.



The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the adoption of HKFRS 16 have not been included.

	<b>31 March 2019</b> <i>HK\$'000</i>	<b>Impact of the adoption of HKFRS 16</b> <i>HK\$'000</i>	<b>1 April 2019</b> <i>HK\$'000</i>
<b>Line items in the consolidated statement of financial position as at 1 April 2019 impacted by the adoption of HKFRS 16:</b>			
<b>Non-current assets</b>			
Right-of-use assets	–	27,349	27,349
	<u>–</u>	<u>27,349</u>	<u>27,349</u>
<b>Current liabilities</b>			
Lease liabilities	–	6,849	6,849
	<u>–</u>	<u>6,849</u>	<u>6,849</u>
<b>Non-current liabilities</b>			
Lease liabilities	–	20,500	20,500
	<u>–</u>	<u>20,500</u>	<u>20,500</u>

***As lessor***

The Group is not required to make any adjustment on transition for leases in which the Group is a lessor but is required to account for these leases in accordance with HKFRS 16 from the DIA and comparative information has not been restated.

Except as described above, the adoption of HKFRS 16 does not have any material impact on the consolidated financial statements.

## 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 that the relevant tax authority will accept an uncertain tax treatment, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. Otherwise, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

The adoption of HK(IFRIC)-Int 23 does not have any material impact on the consolidated financial statements.

### New/revised HKFRSs issued but not yet effective

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

Amendments to HKASs 1 and 8	Definition of Material <sup>1</sup>
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 16	COVID-19-Related Rent Concession <sup>3</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>5</sup> Effective date to be determined

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

#### 4. REVENUE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fitting out and engineering services income	11,694	14,327
Design and procurement of furnishings and related products services income	4,964	4,689
Installation services income from leased construction equipment	1,200	–
Rental income from leasing of construction equipment	2,406	–
Sales of fine and rare wines	21,741	5,830
Interest income from money lending	750	3,304
	<u>42,755</u>	<u>28,150</u>
<b>Revenue from contracts with customers within HKFRS 15:</b>		
<i>Revenue recognised at a point in time</i>		
– Sales of fine and rare wines	21,741	5,830
<i>Revenue recognised over time</i>		
– Fitting out and engineering services income	11,694	14,327
– Design and procurement of furnishings and related products services income	4,964	4,689
– Installation services income from leased construction equipment	1,200	–
	<u>39,599</u>	<u>24,846</u>
<b>Revenue from other sources:</b>		
– Rental income from leasing of construction equipment	2,406	–
– Interest income from money lending calculated using effective interest method	750	3,304
	<u>42,755</u>	<u>28,150</u>

The revenue from contracts with customers within HKFRS 15 is based on fixed price.

## 5. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. During the current year, the money lending segment has been consolidated into the financial services segment in order to concentrate the resources of 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 the business development and structure of the Group, and helps the shareholders or the potential investors better understand the Group's revenue structure. The corresponding information for the year ended 31 March 2019 has been re-presented accordingly.

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

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

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all assets except for corporate assets which are managed on a group basis. All liabilities are allocated to reportable segment liabilities other than unallocated head office and corporate liabilities which are managed on a group basis and certain other payables and accrued charges.

Revenues and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment results is profit/loss before taxation without allocation of other unallocated corporate expenses and income.

For the purpose of assessing the performance of the operating segments and allocation of resources between segments, the Group's results are further adjusted for items not specifically attributed to individual segments and other head office and corporate administration costs.

## Segment revenue and results

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

### For the year ended 31 March 2020

	Fitting out and engineering services <i>HK\$'000</i>	Design and procurement of furnishings and related products services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>11,694</u>	<u>4,964</u>	<u>3,606</u>	<u>21,741</u>	<u>750</u>	<u>42,755</u>
Segment profit/(loss)	<u>(2,126)</u>	<u>(686)</u>	<u>(7,883)</u>	<u>531</u>	<u>(7,561)</u>	<u>(17,725)</u>
Unallocated:						
Other income						890
Other gains (losses), net						(152)
Central administrative costs						(8,951)
Change in fair value of investment property						(2,600)
Finance costs						<u>(411)</u>
Loss before tax						<u>(28,949)</u>

### For the year ended 31 March 2019

	Fitting out and engineering services <i>HK\$'000</i>	Design and procurement of furnishings and related products services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>14,327</u>	<u>4,689</u>	<u>–</u>	<u>5,830</u>	<u>3,304</u>	<u>28,150</u>
Segment profit/(loss)	<u>(7,924)</u>	<u>(3,123)</u>	<u>(3,709)</u>	<u>76</u>	<u>874</u>	<u>(13,806)</u>
Unallocated:						
Other income						782
Other gains (losses), net						(62)
Central administrative costs						(9,968)
Change in fair value of an investment property						3,200
Finance costs						<u>(85)</u>
Loss before tax						<u>(19,939)</u>

## Segment assets and liabilities

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

As at 31 March 2020

	Fitting out and engineering services <i>HK\$'000</i>	Design and procurement of furnishings and related products services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets</b>						
Non-current assets						
Property, plant and equipment	9	–	17,810	–	–	17,819
Right-of-use assets	–	–	13,738	–	–	13,738
Goodwill	1,867	–	–	–	–	1,867
Intangible assets	–	–	–	–	13,683	13,683
Deposit for acquisition of property, plant and equipment	–	–	297	–	–	297
	<u>1,876</u>	<u>–</u>	<u>31,845</u>	<u>–</u>	<u>13,683</u>	<u>47,404</u>
Current assets	<u>6,620</u>	<u>1,146</u>	<u>2,575</u>	<u>4,128</u>	<u>6,139</u>	<u>20,608</u>
Segment assets	<u><b>8,496</b></u>	<u><b>1,146</b></u>	<u><b>34,420</b></u>	<u><b>4,128</b></u>	<u><b>19,822</b></u>	<u><b>68,012</b></u>
<b>Unallocated:</b>						
Cash and bank balances						10,698
Others						<u>35,560</u>
Total assets per consolidated statement of financial position						<u><b>114,270</b></u>
<b>Segment liabilities</b>						
Non-current liabilities						
Deferred tax liabilities	–	–	–	–	2,257	2,257
Lease liabilities	–	–	10,969	–	–	10,969
	<u>–</u>	<u>–</u>	<u>10,969</u>	<u>–</u>	<u>2,257</u>	<u>13,226</u>
Current liabilities	<u>5,082</u>	<u>131</u>	<u>3,250</u>	<u>22</u>	<u>226</u>	<u>8,711</u>
Segment liabilities	<u><b>5,082</b></u>	<u><b>131</b></u>	<u><b>14,219</b></u>	<u><b>22</b></u>	<u><b>2,483</b></u>	<u><b>21,937</b></u>
<b>Unallocated:</b>						
Others						<u>9,340</u>
Total liabilities per consolidated statement of financial position						<u><b>31,277</b></u>

As at 31 March 2019

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

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

- all assets are allocated to reportable segments other than certain property, 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, certain lease liabilities, certain income tax payable and certain deferred tax liabilities as these liabilities are managed on a group basis.

## Other segment information

### For the year ended 31 March 2020

	Fitting out and engineering services <i>HK\$'000</i>	Design and procurement of furnishings and related products services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment of intangible assets	-	-	-	-	5,055	348	5,403
Impairment of goodwill	-	-	-	-	854	-	854
Allowance for (Reversal of allowance for)							
ECL on trade receivables	207	169	25	(19)	-	-	382
Allowance for ECL on loan and interest receivables	-	-	-	-	6	-	6
Allowance for ECL on contract assets	-	65	-	-	-	-	65
Change in fair value of investment property	-	-	-	-	-	2,600	2,600
Depreciation of property, plant and equipment	44	401	3,751	16	-	406	4,618
Depreciation of right-of-use assets	155	-	3,297	-	-	3,694	7,146
Gain on disposal of subsidiaries	-	-	-	-	-	(3)	(3)
Gain on disposal of property, plant and equipment	-	-	(19)	-	-	(130)	(149)
Additions to property, plant and equipment	-	-	16,184	-	-	1,071	17,255
Bank interest income	-	-	-	-	-	(76)	(76)
Finance costs	8	-	788	-	-	411	1,207

### For the year ended 31 March 2019

	Fitting out and engineering services <i>HK\$'000</i>	Design and procurement of furnishings and related products services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment of intangible assets	-	-	-	-	-	62	62
Allowance for ECL on trade receivables	16	24	-	53	-	-	93
Reversal of allowance for ECL on loan and interest receivables	-	-	-	-	(58)	-	(58)
Change in fair value of investment property	-	-	-	-	-	(3,200)	(3,200)
Depreciation of property, plant and equipment	133	1,055	-	21	-	770	1,979
Gain on disposal of property, plant and equipment	(91)	-	-	-	-	-	(91)
Additions to property, plant and equipment	80	-	5,398	-	-	-	5,478
Bank interest income	-	-	-	-	-	(31)	(31)
Finance costs	-	-	-	-	-	85	85



## Geographical Information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC"), and Malaysia.

The Group's revenue from external customers is presented based on the location of customers. The geographical location of non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, right-of-use assets and investment property, and the location of the operation, in the case of goodwill and intangible assets. The analysis of the Group's revenue from external customers and non-current assets by geographical location is as follows:

	Revenue from external customers		Non-current assets	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	38,969	24,517	81,351	57,696
The PRC	3,500	1,008	2	4
Malaysia	286	2,625	–	–
	<u>42,755</u>	<u>28,150</u>	<u>81,353</u>	<u>57,700</u>

## Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A <sup>1,3</sup>	N/A	5,550
Customer B <sup>2</sup>	21,459	5,330
Customer C <sup>1,3</sup>	<u>N/A</u>	<u>2,833</u>

<sup>1</sup> Revenue from Fitting out and engineering services

<sup>2</sup> Revenue from Wines merchandising

<sup>3</sup> The corresponding revenue in 2020 did not contribute 10% or more of the total revenue of the Group

## 6. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	76	31
Rental income	782	723
Sundry income	54	611
	<u>912</u>	<u>1,365</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Gross rental income from investment property	782	723
Less: Direct operating expenses (included in administrative expenses)	(104)	(117)
	<u>678</u>	<u>606</u>

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interests on:		
– lease liabilities	1,207	–
– secured bank borrowing	–	83
– obligations under a finance lease	–	2
	<u>1,207</u>	<u>85</u>

## 8. INCOME TAX (CREDIT) EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Deferred tax		
Current year	<u>(835)</u>	<u>135</u>
Income tax (credit) expense for the year	<u><u>(835)</u></u>	<u><u>135</u></u>

The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime was signed into law and gazetted in March 2018. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of a qualifying group entity are taxed at 8.25% and profits above HK\$2,000,000 are taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Pursuant to the rules and regulations of the British Virgin Islands (the “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.

## 9. LOSS BEFORE TAX

The Group's loss before tax has been arrived at after charging (crediting):

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Salaries and wages included in cost of sales	<b>789</b>	516
Salaries and wages included in administrative expenses:		
Directors' emoluments	<b>4,146</b>	5,449
Salaries, wages and other benefits (excluding directors' emoluments)	<b>6,309</b>	10,792
Contribution to defined contribution plans (excluding directors' emoluments)	<b>226</b>	328
	<b>11,470</b>	17,085
Cost of inventories sold	<b>21,173</b>	5,579
Depreciation of property, plant and equipment	<b>4,618</b>	1,979
Depreciation of right-of-use assets	<b>7,146</b>	–
Auditor's remuneration	<b>500</b>	600
Compensation to a supplier	<b>750</b>	–
Gain on disposal of subsidiaries	<b>(3)</b>	–
Lease payment under short-term leases on premises	<b>1,063</b>	–
Minimum lease payments under operating leases in respect of office premises	<b>–</b>	6,943

## 10. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2020 and 2019, 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(28,114)</u>	<u>(20,074)</u>
	2020 '000	2019 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>465,075</u>	<u>388,062</u>
	<i>HK cents</i>	<i>HK cents</i>
Loss per share Basic and diluted	<u>(6.05)</u>	<u>(5.17)</u>

Since there were no potential dilutive shares in issue during the years ended 31 March 2020 and 2019, basic and diluted loss per share are the same for both years.

## 12. INVESTMENT PROPERTY

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fair value:		
At 1 April	28,200	25,000
Change in fair value recognised in profit or loss	<u>(2,600)</u>	<u>3,200</u>
At 31 March	<u>25,600</u>	<u>28,200</u>

The fair value of the Group's investment property located in Hong Kong as at 31 March 2020 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 valuer not connected with the Group. PVA is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at using prevailing market rents for comparable properties in the same location and condition, expected future market rents and appropriate discount rates.

### 13. RIGHT-OF-USE ASSETS

	<b>Office premises <i>HK\$'000</i></b>	<b>Warehouse <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Year ended 31 March 2020			
Depreciation	<u>3,849</u>	<u>3,297</u>	<u>7,146</u>
As at 31 March 2020			
Carrying amount	<u>6,157</u>	<u>13,738</u>	<u>19,895</u>

The Group leases various office premises and warehouse for its daily operations. Lease term for office premises is 3 years with no option to renew the lease. Lease term for warehouse is 6 years, which contains an option for both lessor and lessee to renew or terminate the lease after expiration of the lease term with three months' notice. The extension option is normally exercised because there are significant leasehold improvements while the termination option is normally not exercised. The Group seldom exercises options that were not included in the lease liabilities.

#### **Operating lease commitments**

As at 31 March 2019, 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:

	<i>HK\$'000</i>
Within one year	8,517
In the second to fifth years inclusive	<u>10,774</u>
	<u>19,291</u>

## 14. GOODWILL

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost:		
As at 1 April	2,721	854
Acquisition of a subsidiary	<u>–</u>	<u>1,867</u>
As at 31 March	<u>2,721</u>	<u>2,721</u>
Accumulated impairment losses:		
As at 1 April	–	–
Impairment loss recognised	<u>854</u>	<u>–</u>
As at 31 March	<u><u>854</u></u>	<u><u>–</u></u>
Carrying amount:		
As at 31 March	<u><u>1,867</u></u>	<u><u>2,721</u></u>

Goodwill arose because the consideration paid for the acquisitions effectively included amount in relation to the benefits originated from future market development and the assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Goodwill acquired through business combination has been allocated to Financial services business segment CGU and Fitting out and engineering services business segment CGU (see note 5 to this announcement for details of segment information). An analysis of goodwill attributable to the relevant CGUs is as follows:

	<b>Financial services business segment CGU <i>HK\$'000</i></b>	<b>Fitting out and engineering services business segment CGU <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Carrying amount at 1 April 2018	854	–	854
Goodwill arising from acquisition of subsidiary	<u>–</u>	<u>1,867</u>	<u>1,867</u>
Carrying amount at 31 March 2019 and 1 April 2019	854	1,867	2,721
Impairment loss recognised	<u>(854)</u>	<u>–</u>	<u>(854)</u>
Carrying amount at 31 March 2020	<u><u>–</u></u>	<u><u>1,867</u></u>	<u><u>1,867</u></u>

The Group has appointed an independent qualified professional valuer, PVA, to perform annual impairment tests for goodwill allocated to Financial services business segment CGU and Fitting out and engineering services business segment CGU by comparing their recoverable amounts to their carrying amounts as at the end of the reporting period.

The recoverable amounts of the CGUs are determined based on the higher of the fair value less costs of disposal by reference to market comparables and the value in use which requires estimates of the future cash flow of the CGU and the use of assumptions (including revenue growth rate, long term growth rate and discount rate).

The recoverable amounts of Fitting out and engineering services business segment CGU and Financial services business segment CGU have been determined on the basis of value in use and fair value less costs of disposal respectively. There was no change in the basis on the determination of the recoverable amounts as at 31 March 2020 and 2019.

The recoverable amount of Financial services business segment CGU based on the fair value less costs of disposal was approximately HK\$15,943,000 (2019: HK\$23,084,000). Accordingly, having compared with the carrying amount of Financial services business segment CGU (including the carrying amount of the SFO Licences as mentioned in note 15 to this announcement), impairment of approximately HK\$854,000 (2019: Nil) was provided on goodwill associated with Financial services business segment CGU as at 31 March 2020.



## 15. INTANGIBLE ASSETS

	<b>SFO Licences HK\$'000</b>	<b>Cross- boundary vehicle licence HK\$'000</b>	<b>Total HK\$'000</b>
Cost:			
At 31 March 2019, 1 April 2019 and 31 March 2020	<u>18,738</u>	<u>1,876</u>	<u>20,614</u>
Accumulated impairment losses:			
At 1 April 2018	–	–	–
Impairment loss recognised	<u>–</u>	<u>62</u>	<u>62</u>
At 31 March 2019	–	62	62
Impairment loss recognised	<u>5,055</u>	<u>348</u>	<u>5,403</u>
At 31 March 2020	<u>5,055</u>	<u>410</u>	<u>5,465</u>
Carrying amount:			
At 31 March 2020	<u>13,683</u>	<u>1,466</u>	<u>15,149</u>
At 31 March 2019	<u>18,738</u>	<u>1,814</u>	<u>20,552</u>

The intangible assets represent (i) the licences (the “SFO Licences”) to carry on Type 1 (Dealing in 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 SFO Licences represent intangible assets acquired as a result of a business combination during the year ended 31 March 2018. The SFO Licences have been considered to have indefinite useful lives because they are expected to contribute to the net cash flows of the Group indefinitely, and are not amortised. The Group has not commenced relevant operations during the year. The carrying amount of the SFO Licences has been included in the carrying amount of Financial services business segment CGU as mentioned in note 14 to this announcement for impairment assessment.

As mentioned in note 14 to this announcement, the recoverable amount of Financial services business segment CGU based on the fair value less costs of disposal was lower than the carrying amount of Financial services business segment CGU. Impairment of approximately HK\$5,055,000 (2019: Nil) has been provided on the SFO Licences as at 31 March 2020 accordingly.

## The cross-boundary vehicle licence

Cross-boundary vehicle licence was acquired as a result of a business combination during the year ended 31 March 2018. It was estimated as having indefinite useful life and is measured using the cost model. The cross-boundary vehicle licence has been considered to have indefinite useful life because it is expected to contribute to the net cash flows of the Group indefinitely, and is not amortised.

The Group has appointed an independent qualified professional valuer, PVA, to perform an appraisal of the recoverable amount of the cross-boundary vehicle licence as at 31 March 2020. The recoverable amount of the cross-boundary vehicle licence has been determined on the basis of value in use calculation.

The recoverable amount of the cross-boundary vehicle licence based on value in use calculation was approximately HK\$1,466,000 (2019: HK\$1,814,000). Accordingly, having compared with the carrying amount of the cross-boundary licence, impairment of approximately HK\$410,000 (2019: HK\$62,000) has been provided on the cross-boundary vehicle licence as at 31 March 2020.

## 16. LOAN AND INTEREST RECEIVABLES

	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Loan receivables	<b>6,300</b>	6,000
Interest receivables	<b>26</b>	146
Less: Allowance for ECL	<b>(190)</b>	(184)
	<b><u>6,136</u></b>	<u>5,962</u>

The Group's loan and interest receivables, which arise from the money lending business in Hong Kong, are denominated in HK\$. Loan receivables are unsecured, interest-bearing at a rate of 12% per annum and repayable with fixed terms of 1 year agreed with the borrowers. The maximum exposure to credit risk at each of the reporting dates is the carrying amount of the receivables mentioned above.

As at 31 March 2020, the Group recognised loss allowance of approximately HK\$190,000 (2019: HK\$184,000) on the balances. The information about the exposure to credit risk and ECL for loan and interest receivables is summarised below:

	<b>Basis of ECL</b>	<b>Expected loss rate %</b>	<b>Gross carrying amount HK\$'000</b>	<b>Loss allowance HK\$'000</b>
<b>At 31 March 2020</b>				
Not past due	<b>12-month</b>	<b>3.0</b>	<b><u>6,326</u></b>	<b><u>(190)</u></b>
<b>At 31 March 2019</b>				
Within 90 days past due	12-month	3.0	<b><u>6,146</u></b>	<b><u>(184)</u></b>

The movements in the loss allowance for loan and interest receivables are set out below:

	<b>2020 HK\$'000</b>	<b>2019 HK\$'000</b>
At 1 April	<b>184</b>	242
Increase in allowance	<b>6</b>	–
Reversal of allowance	<b>–</b>	(58)
At 31 March	<b><u>190</u></b>	<b><u>184</u></b>

## 17. INVENTORIES

	<b>2020 HK\$'000</b>	<b>2019 HK\$'000</b>
Fine and rare wines held for sale, at cost	<b><u>827</u></b>	<b><u>975</u></b>

## 18. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Trade receivables</b>		
From third parties	16,519	12,952
Less: Loss allowance	<u>(4,623)</u>	<u>(4,329)</u>
	<u>11,896</u>	<u>8,623</u>
<b>Other receivables</b>		
Deposits, prepayments and advances to suppliers	2,349	10,498
Others	<u>552</u>	<u>91</u>
	<u>2,901</u>	<u>10,589</u>
	<u><b>14,797</b></u>	<u><b>19,212</b></u>

The Group allows an average credit period ranging from 30 to 60 days (2019: 30 to 180 days) to its trade customers. The following is an aged analysis of trade receivables net of loss allowance based on the invoice date as at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	6,356	8,623
91 to 180 days	4,300	–
181 days to 270 days	293	–
271 days to 365 days	<u>947</u>	<u>–</u>
	<u><b>11,896</b></u>	<u><b>8,623</b></u>

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below:

	<b>Expected loss rate</b> %	<b>Gross carrying amount</b> HK\$'000	<b>Loss allowance</b> HK\$'000	<b>Credit- impaired</b>
<b>At 31 March 2020</b>				
Not past due	1.0	5,549	(55)	No
Within 90 days past due	1.4	4,699	(66)	No
91 to 180 days past due	1.7	639	(11)	No
181 to 270 days past due	2.7	300	(8)	No
271 to 365 days past due	28.3	1,184	(335)	No
Over 365 days past due	100.0	4,148	(4,148)	Yes
		<u>16,519</u>	<u>(4,623)</u>	

**At 31 March 2019**

Not past due	1.0	8,016	(83)	No
Within 90 days past due	1.4	700	(10)	No
Over 365 days past due	100.0	4,236	(4,236)	Yes
		<u>12,952</u>	<u>(4,329)</u>	

The Group does not hold any collateral over these balances.

The movements in the loss allowance for trade receivables are set out below:

	<b>2020</b> HK\$'000	2019 HK\$'000
At 1 April	4,329	4,889
Increase in allowance	382	93
Write-off of allowance	–	(653)
Disposal of subsidiaries	(88)	–
At 31 March	<u>4,623</u>	<u>4,329</u>

Included in the allowance for impairment of trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK\$4,148,000 (2019: HK\$4,236,000) which had been long outstanding. The individually impaired trade receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions.

**19. TRADE AND OTHER PAYABLES**

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Trade payables</b>	<u>4,345</u>	<u>3,379</u>
<b>Other payables</b>		
Receipt in advance	178	206
Accrued expenses and other payables	<u>3,181</u>	<u>4,504</u>
	<u>3,359</u>	<u>4,710</u>
	7,704	8,089
Less: Non-current portion		
– Other payables	<u>–</u>	<u>(470)</u>
Current portion	<u><u>7,704</u></u>	<u><u>7,619</u></u>

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	845	2,557
Over 90 days	<u>3,500</u>	<u>822</u>
	<u><u>4,345</u></u>	<u><u>3,379</u></u>

The average credit period for purchases of goods is 90 days (2019: 30 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

**20. LEASE LIABILITIES**

	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current portion	<b>6,827</b>	–
Non-current portion	<b>13,566</b>	–
	<b><u>20,393</u></b>	<b><u>–</u></b>
	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Lease payments:		
Short-term leases	<b>1,063</b>	–
Operating lease payments	<b>–</b>	6,943
	<b><u>1,063</u></b>	<b><u>6,943</u></b>
Expenses recognised in profit or loss		
	<b>1,063</b>	6,943
Lease payments:		
Interest on lease liabilities	<b>1,207</b>	–
Repayment of lease liabilities	<b>6,643</b>	–
	<b><u>7,850</u></b>	<b><u>–</u></b>
Total cash outflow for leases	<b><u>8,913</u></b>	<b><u>6,943</u></b>

## 21. SHARE CAPITAL

	Number of shares		Share capital	
	2020 '000	2019 '000	2020 HK\$'000	2019 HK\$'000
Issued and fully paid				
At 1 April	435,600	363,000	168,887	154,851
Issue of new shares upon placing, net of transaction costs ( <i>note</i> )	<u>87,000</u>	<u>72,600</u>	<u>6,708</u>	<u>14,036</u>
At 31 March	<u><b>522,600</b></u>	<u><b>435,600</b></u>	<u><b>175,595</b></u>	<u><b>168,887</b></u>

*Note:* On 1 November 2018, the Group and a placing agent entered into a placing agreement, pursuant to which the Group 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 “2018 Placing”). The closing price per share on that date was HK\$0.21. Details of the 2018 Placing were set out in announcements of the Company dated 1 November 2018 and 26 November 2018. The net proceeds of the 2018 Placing of approximately HK\$13.8 million as per the Company’s announcement dated 26 November 2018 was intended to be used for the purchase of construction equipment for leasing purpose. These new shares were issued on 26 November 2018.

On 12 November 2019, the Group and a placing agent entered into a placing agreement, pursuant to which the Group has appointed the placing agent to procure altogether not less than six independent placees for placing up to an aggregate of 87,000,000 placing shares at a placing price of HK\$0.08 per placing share (the “2019 Placing”). The closing price on that date was HK\$0.083. Details of the 2019 Placing were set out in announcements of the Company dated 12 November 2019 and 29 November 2019. The net proceeds of the 2019 Placing of approximately HK\$6.5 million as per the Company’s announcement dated 29 November 2019 was intended to be used for the purchase of construction equipment for leasing purpose. These new shares were issued on 29 November 2019.

All the ordinary shares issued during the year rank pari passu with the then existing shares in all respects.



## 22. 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 Group”); and (ii) assigned a shareholder’s loan of approximately HK\$26,287,000 in full owing from Wonder Express Group to the Group for a cash consideration of HK\$450,000.

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

	<i>HK\$'000</i>
Property, 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 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 of	<u>(143)</u>
	<u><u>307</u></u>

## 23. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties during the year:

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

The Company licenced a right to use an office property at nil consideration under a licence agreement with a related company of which an ex-director of the Company, Mr. Liu Rongsheng is the director of the holding company of that related company. Pursuant to the terms of the licence agreement, the related company shall bear the cost incurred for using the office property and both parties can terminate the licence by immediate notice. The licence agreement was terminated during the year ended 31 March 2020.

### (b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the year was as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Salaries, allowances and other benefits	6,605	8,846
Contributions to defined contribution plan	<u>157</u>	<u>155</u>
	<u><u>6,762</u></u>	<u><u>9,001</u></u>

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.

## 24. CAPITAL COMMITMENTS

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contracted but not provided for:		
– Acquisition of construction equipment	1,865	11,152
– Development of construction equipment management system	<u>125</u>	<u>125</u>
	<u><u>1,990</u></u>	<u><u>11,277</u></u>

## 25. EVENTS AFTER THE REPORTING PERIOD

### **The assessment of the impact of the Coronavirus Disease 2019 (“COVID-19”)**

After the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

Breakdown of revenue by types of segment is as follows:

	For the year ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fitting out and engineering services	<b>11,694</b>	14,327
Design and procurement of furnishings and related product services	<b>4,964</b>	4,689
Leasing of construction equipment	<b>3,606</b>	–
Sourcing and merchandising of fine and rare wines	<b>21,741</b>	5,830
Interest income from money lending in financial services	<b>750</b>	3,304
	<b><u>42,755</u></b>	<b><u>28,150</u></b>

Breakdown of revenue by geographical locations is as follows:

	For the year ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>38,969</b>	24,517
The PRC	<b>3,500</b>	1,008
Malaysia	<b>286</b>	2,625
	<b><u>42,755</u></b>	<b><u>28,150</u></b>

The total revenue for the year ended 31 March 2020 of the Group was approximately HK\$42.8 million (2019: HK\$28.2 million) which represents approximately HK\$14.6 million or 51.8% increase as compared with last year.

The significant increase of the Group's total revenue was mainly attributed by the leasing of construction equipment business and the re-activation of the sourcing and merchandising of fine and rare wines business.

An aggregate revenue of approximately HK\$16.7 million for the year ended 31 March 2020 was recorded from the provision of fitting out and engineering services business and provision of design and procurement of furnishings and related products services business, which was decreased by approximately 12.1% as compared to that of approximately HK\$19.0 million for the year ended 31 March 2019. The Group has made effort to submit tender as to maintain the scale of operations of the provision of fitting out and engineering services business and provision of design and procurement of furnishings and related products services business.

The leasing of construction equipment business has commenced its operation after the establishment and development since last year and recorded rental and installation services income of approximately HK\$3.6 million during the year ended 31 March 2020.

The unanticipated and deteriorating economic impact from the outbreak of social unrest and the ongoing series of unstable activities in Hong Kong since June 2019 adversely affected the Group's fitting out and engineering services business as well as the leasing of construction equipment business. Certain contracts and demand schedules of the projects engaged have been delayed or postponed which affected the revenue generated therefrom for the year ended 31 March 2020.

Through successful re-structuring of the operation and reactivation 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 a revenue of approximately HK\$21.7 million for the year ended 31 March 2020, with an increase of approximately HK\$15.9 million as compared with last year of approximately HK\$5.8 million.

The revenue from money lending amounted to approximately HK\$0.8 million for the year ended 31 March 2020, with a decrease of approximately HK\$2.5 million from last year of approximately of HK\$3.3 million due to reduction in loan portfolio since the the fourth quarter of last year.

## Gross profit for the year

For the year ended 31 March 2020, the Group recorded a gross profit of approximately HK\$5.5 million (2019: approximately HK\$7.6 million). Gross profit by types of segment is as follows:

	Gross profit for the year ended 31 March	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fitting out and engineering services	2,422	2,259
Design and procurement of furnishings and related products services	1,388	1,833
Leasing of construction equipment	343	N/A
Sourcing and merchandising of fine and rare wines	567	251
Financial services	750	3,304
	<u>5,470</u>	<u>7,647</u>

The gross profit from fitting out and engineering services and design and procurement of furnishings and related products services decreased slightly by approximately HK\$0.3 million in aggregate whilst the gross profit margin increased to 22.9% during the year.

A gross profit of approximately HK\$0.3 million was recorded from leasing of construction equipment for the year ended 31 March 2020. The Group has strategically offered attractive pricing to new customers in the initial stage of business development in order to establish the customer base and relationship with the customers. With the gradual resumption of some of the existing projects which were suspended or postponed due to the outbreak of the social unrest and the COVID-19, the construction equipment were steadily delivered with related rental income generated. The income from installation of the construction equipment also compensated the depreciation of the construction equipment and attributed to the gross profit recorded for this segment.

The gross profit from sourcing and merchandising of fine and rare wines was increased by approximately HK\$0.3 million for the year ended 31 March 2020 due to the increase in sales as compared with the last year.

The gross profit from money lending was decreased by approximately HK\$2.5 million from approximately HK\$3.3 million for the year ended 31 March 2019 to approximately HK\$0.8 million for the year ended 31 March 2020 due to reduction in the loan portfolio since the fourth quarter of last year.

### **Loss for the year**

Whilst there was a drop in the gross profit of approximately HK\$2.2 million for the year ended 31 March 2020 as mentioned above, the Group's overall administrative expenses decreased by approximately HK\$7.1 million or approximately 22.1% from last year of approximately HK\$32.1 million to approximately HK\$25.0 million for the year. 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\$5.6 million.

The Group's loss for the year increased by approximately HK\$8.0 million to approximately HK\$28.1 million (2019: approximately HK\$20.1 million) mainly attributable to the loss on changes in fair value of investment property of approximately HK\$2.6 million, and impairment of intangible assets and goodwill of approximately HK\$6.3 million.

## **BUSINESS REVIEW AND PROSPECTS**

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

The Group mainly provided fitting out and other engineering services to commercial institutions and residence end users as well as public sectors. The Group has made effort to submit tenders and to enlarge the scale of operations of fitting out and engineering services business during the year. The Group has constantly been invited by the existing and potential customers to submit the tenders regarding to the provision of fitting out and engineering services.

Despite the unfavourable social and economic condition due to the outbreak and ongoing dissemination of social unrest and unstable activities in Hong Kong and the COVID-19, causing numerous construction projects including infrastructure construction projects and building repair and maintenance projects being suspended or postponed, the Group has managed to secure contracts with sums of approximately HK\$18.4 million, of which approximately HK\$7.4 million has been recognised during the second half of the year ended 31 March 2020. The Group expects the social unrest and the COVID-19 outbreak are short term incidents and believes that the situation will improve when the COVID-19 outbreak is under control and the performance of the fitting out and engineering services business will be improved gradually. During the last two months, the Group has further secured projects with contract sum significantly higher than the aggregate amount of all contracts awarded during the year ended 31 March 2020. With these encouraging results, the Group is energetically in negotiation with a number of other potential clients for the provision of fitting out services.

Apart from the private sector projects, the Group is also in active negotiation with various contractors engaging in the public housing maintenance, improvement and vacant flat refurbishment works. The Group expects such contract works would bring not only stable and recurring income to the Group but would also pave the way for the Group's further participation in the public sector works.

The Group is vigorous in developing and consolidating business relationship with project contractors of different segments to widen its market spectrum. The Group expects such strategy will further broaden and strengthen the income stream and the sustainability development of the Group.

Looking forward, the Group is optimistic in achieving an exponential business growth in provision of fitting out and engineering services 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 has received and completed orders in relation to the furnishings and related products.

The Group will further integrate its expertise and look for business opportunities together with the fitting out projects to strategically utilise the Group's resources in synergy.

### **Leasing of construction equipment**

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 and installation services income of approximately HK\$3.6 million during the year.

Despite the unfavourable social and economic condition due to the outbreak and ongoing dissemination of social unrest and unstable activities in Hong Kong and the COVID-19, the Group has successfully secured orders from various contractors/customers in relation to the leasing of construction equipment during the year ended 31 March 2020.

As the leasing of construction equipment business is in the development and growth phase, the number of leasing orders would be expected to increase continuously. The continuous increase in number of leasing orders would result in increase in the revenue generating therefrom which, in turn, leads to expansion in the scale of operation. Although such growth rate may not be drastic in a short period of time, the relative stable and low-risk nature of this business could offer a solid and stable income stream to the Group and development of the business scale of the Group.



The Group expects the recovery and positive growth of the construction industry after the settle down of the social unrest and the COVID-19 will further favour the development of the leasing of construction equipment business in long run. With the branding recognition of the Group's leasing business and the enhancement of its operation scale, the rental income derived from the leasing of construction equipment would have significant growth with enlarged size of operations in the years to come.

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

During the year, 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 year. The Group expects the wine merchandising business will continue to attribute a stable and solid income stream to the Group.

### **Financial services**

The Group's money lending business maintained a loan portfolio with principal amount of approximately HK\$6.3 million as at 31 March 2020 which was around the same level of approximately HK\$6.0 million as at 31 March 2019. The Group only recognised an aggregate interest income of approximately HK\$0.8 million for the year ended 31 March 2020 (2019: HK\$3.3 million). The interest income was narrowing in line with the reduction in loan portfolio since the fourth quarter of last year.

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 year, the Group financed its operations through fund raising exercise and by its internal resources.

As at 31 March 2020, the Group had net current assets of approximately HK\$17.8 million (2019: HK\$50.6 million), including cash and bank balances of approximately HK\$10.7 million (2019: HK\$27.0 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.2 times as at 31 March 2020 (2019: 7.5 times). The decrease in the current ratio during the year ended 31 March 2020 was mainly attributable to the settlement for acquisition of scaffolding equipment and the recognition of lease liabilities arising from the initial application of HKFRS 16 during the year.

## **CAPITAL STRUCTURE AND GEARING**

The capital structure of the Company comprised ordinary shares only. On 29 November 2019, the Company issued 87,000,000 new shares through the placing of new shares (the "2019 Placing") with proceeds amounting to approximately HK\$6.5 million, net of share issuing costs. As at 31 March 2020, the Company has 522,600,000 ordinary shares in issue. Total equity attributable to owners of the Company amounted to approximately HK\$83.0 million as at 31 March 2020 (2019: HK\$104.4 million).

As at 31 March 2020, the Group's only borrowings comprised of lease liabilities of approximately HK\$20.4 million (2019: Nil). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 24.6% (2019: Nil). The increase in the gearing ratio during the year ended 31 March 2020 was mainly attributable to the recognition of the lease liabilities arising from the initial application of HKFRS 16 during the year.

## USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

### (i) Placing completed on 26 November 2018

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 appointed the placing agent to procure altogether not less than six independent placees for placing (the “2018 Placing”) up to an aggregate of 72,600,000 placing shares at a placing price of HK\$0.20 per placing share. The closing price per share on that date was HK\$0.21.

The 2018 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) as per the Company’s announcement dated 26 November 2018, respectively. The Company intended to use all the net proceeds for the purchase of construction equipment for leasing purpose.

	<b>Planned use of proceeds as described in the announcement dated 1 November 2018 HK\$'000</b>	<b>Actual use of proceeds up to 31 March 2019 HK\$'000</b>	<b>Actual use of proceeds up to 31 March 2020 HK\$'000</b>	<b>Actual use of proceeds up to date of this announcement HK\$'000</b>
Net proceeds from the 2018 Placing				
– Purchase of construction equipment	<u>13,800</u>	<u>4,800</u>	<u>13,800</u>	<u>13,800</u>

**(ii) Placing completed on 29 November 2019**

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

On 12 November 2019, the Group and a placing agent entered into a placing agreement, pursuant to which the Group has appointed the placing agent to procure altogether not less than six independent places for placing (the “2019 Placing”) up to an aggregate of 87,000,000 placing shares at a placing price of HK\$0.08 per placing share. The closing price per share on that date was HK\$0.083.

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

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

## **DIVIDENDS**

The Directors do not recommend the payment of any dividends for the year ended 31 March 2020.

## **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 2020 and 2019, the Group did not pledge any of its assets.

## **SIGNIFICANT ACQUISITION AND DISPOSAL**

During the year ended 31 March 2020, the Group spent approximately HK\$16.0 million on additions to scaffolding equipment.

On 30 August 2019, the Group entered into a disposal agreement with an independent third party, pursuant to which, the Group disposed of its 100% equity interest in Wonder Express Development Limited and its subsidiaries, indirect wholly owned subsidiaries of the Company. Details of the disposal were set out in note 21 to this announcement.

Save as disclosed above, there has been no significant acquisition and disposal of assets or subsidiaries of the Group during the year ended 31 March 2020.

## **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 year ended 31 March 2020, the claim was settled with costs recognised in the consolidated statement of profit or loss.

Save as above, the Group did not have other significant contingent liabilities as at 31 March 2020.

## COMMITMENTS

Details of the commitments of the Group as at 31 March 2020 are set out in note 24 to this announcement.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group employed 27 (2019: 30) 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 2020 (including emoluments and salaries to staff and Directors and MPF contributions) was approximately HK\$11.5 million (2019: HK\$17.1 million). The decrease in the remuneration was mainly due to stringent control in staff remuneration.

## OTHER INFORMATION

### 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 year ended 31 March 2020, except for the following deviation the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules.

- Code provision A.2.1 stipulated that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year, Mr. Liu Rongsheng acted as the chief executive of the Company from 1 April 2019 until his resignation on 21 February 2020. Upon the resignation of Mr. Liu Rongsheng, no replacement has been made to fill the casual vacancy and the post of chief executive of the Company has remained vacant as at the date of this announcement. The duties of chief executive have been performed by other executive Directors. As there is a clear division of responsibilities of each Director, the vacancy of the post of chief executive did not have any material impact on the operations of the Group. Nevertheless, the Board will review the current structure from time to time and if a candidate with suitable knowledge, skill and experience is identified, the Board will make an appointment to fill the post of chief executive as appropriate.

## **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 2020.

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

During the year ended 31 March 2020, 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.

## **SCOPE OF WORK OF MAZARS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars 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](http://www.hkexnews.hk)) and the Company ([www.royalcentury.hk](http://www.royalcentury.hk)). The annual report of the Company for the year ended 31 March 2020 containing all the information required by the GEM Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 26 June 2020

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

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