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

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Director(s)”) of Royal Century Resources Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

THE 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 2020 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		For the three months ended 30 September		For the six months ended 30 September	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	14,014	8,453	29,939	14,151
Cost of sales		(10,744)	(7,830)	(23,445)	(13,215)
Gross profit		3,270	623	6,494	936
Other income	5	613	250	920	467
Other gains, net	6	57	14	64	143
(Allowance)/Reversal of allowance for					
ECL on loan and interest receivables		(91)	115	(97)	115
Allowance for ECL on trade receivables		(81)	(18)	(159)	(204)
Allowance for ECL on contract assets		–	–	(2)	–
Administrative expenses		(5,446)	(7,101)	(10,679)	(13,908)
Finance costs	7	(254)	(193)	(501)	(411)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Loss before tax	8	(1,932)	(6,310)	(3,960)	(12,862)
Income tax expense	9	—	—	—	—
Loss for the period attributable to owners of the Company		<u>(1,932)</u>	<u>(6,310)</u>	<u>(3,960)</u>	<u>(12,862)</u>
Other comprehensive loss for the period					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<u>(18)</u>	<u>(30)</u>	<u>(18)</u>	<u>(30)</u>
Total comprehensive loss for the period attributable to owners of the Company		<u>(1,950)</u>	<u>(6,340)</u>	<u>(3,978)</u>	<u>(12,892)</u>
		<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)
Loss per share					
– Basic and diluted	10	<u>(0.37)</u>	<u>(1.45)</u>	<u>(0.76)</u>	<u>(2.95)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		30 September 2020 <i>HK\$'000</i> (Unaudited)	31 March 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	12	18,153	18,545
Investment property	12	25,600	25,600
Right-of-use assets	12	16,440	19,895
Goodwill		1,867	1,867
Intangible assets		15,149	15,149
Deposits for purchase of property, plant and equipment	12	3,629	297
		<u>80,838</u>	<u>81,353</u>
Current assets			
Loan and interest receivables	13	6,324	6,136
Inventories	14	567	827
Trade and other receivables	15	15,604	14,797
Contract assets	16(a)	434	457
Tax recoverable		2	2
Cash and bank balances	17	10,317	10,698
		<u>33,248</u>	<u>32,917</u>
Current liabilities			
Trade and other payables	18	7,181	7,704
Contract liabilities	16(b)	246	601
Income tax payable		25	25
Unsecured other borrowing		8,000	–
Lease liabilities		7,043	6,827
		<u>22,495</u>	<u>15,157</u>
Net current assets		<u>10,753</u>	<u>17,760</u>
Total assets less current liabilities		<u>91,591</u>	<u>99,113</u>
Non-current liabilities			
Deferred tax liabilities		2,554	2,554
Lease liabilities		10,022	13,566
		<u>12,576</u>	<u>16,120</u>
NET ASSETS		<u>79,015</u>	<u>82,993</u>
Equity			
Share capital	19	175,595	175,595
Reserves		(96,580)	(92,602)
TOTAL EQUITY		<u>79,015</u>	<u>82,993</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 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 2020.

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

The financial information relating to the year ended 31 March 2020 included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap.622).

The Company’s auditor has reported on the consolidated financial statements for the year ended 31 March 2020 of the Group. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or 407(3) of the Companies Ordinance (Cap. 622).

3. PRINCIPAL ACCOUNTING POLICIES AND ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

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 2020 are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2020, except as described below.

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 April 2020:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

Except for the amendments to HKAS 39, HKFRSs 7 and 9, which are not relevant to the preparation of the Group’s unaudited condensed consolidated financial statements, the nature and the impact of the new and revised HKFRSs are described below:

Amendments to HKASs 1 and 8

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group’s interim condensed consolidated financial information.

Amendments to HKFRS 3

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on or after 1 April 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

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.

Amendments to HKFRS 16	COVID-19-Related Rent Concession ¹
Amendments to HKAS 1	Classification of Liabilities as Current and Non-current ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2018-2020 cycle ²
HKFRS 17	Insurance Contracts ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective date not yet been determined

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

4. REVENUE AND SEGMENT INFORMATION

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

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

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Design, fitting out and engineering services income	8,391	1,765	18,622	3,161
Rental income from leasing of construction equipment	1,723	286	3,452	327
Sale of fine and rare wines	3,700	6,211	7,473	10,292
Interest income from money lending	191	191	379	371
Commission income from introducing brokerage services	9	–	13	–
	<u>14,014</u>	<u>8,453</u>	<u>29,939</u>	<u>14,151</u>
Revenue from contracts with customer within HKFRS 15:				
Revenue recognised at a point in time				
– Sale of fine and rare wines	3,700	6,211	7,473	10,292
– Commission income from introducing brokerage services	9	–	13	–
Revenue recognised over time				
– Design, fitting out and engineering services income	8,391	1,765	18,622	3,161
	<u>12,100</u>	<u>7,976</u>	<u>26,108</u>	<u>13,453</u>
Revenue from other sources				
Rental income from leasing of construction equipment	1,723	286	3,452	327
Interest income from money lending	191	191	379	371
	<u>14,014</u>	<u>8,453</u>	<u>29,939</u>	<u>14,151</u>
Total segment revenue	<u>14,014</u>	<u>8,453</u>	<u>29,939</u>	<u>14,151</u>

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. During the current period, the design and procurement of furnishings and related products services segment has been consolidated into the fitting out and engineering services segment in order to concentrate the resources of similar services activities and reflect a more appropriate co-related nature of the related services. The management considered that the change in segment disclosure better and clearly reflects the business development and structure of the Group, and helps the shareholders or the potential investors better understand the Group's revenue structure. The corresponding information for six months ended 30 September 2019 has been re-presented accordingly.

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

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

(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 2020

	Design, fitting out and engineering services HK\$'000 (unaudited)	Leasing of construction equipment HK\$'000 (unaudited)	Wines merchandising HK\$'000 (unaudited)	Financial services business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	<u>18,622</u>	<u>3,452</u>	<u>7,473</u>	<u>392</u>	<u>29,939</u>
Segment profit/(loss)	<u>3,112</u>	<u>(2,166)</u>	<u>318</u>	<u>(934)</u>	330
Other income					637
Central administrative costs					(4,791)
Finance costs					<u>(136)</u>
Loss before tax					<u>(3,960)</u>

For the six months ended 30 September 2019

	Design, fitting out and engineering services <i>HK\$'000</i> (unaudited)	Leasing of construction equipment <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Financial services business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	<u>3,161</u>	<u>327</u>	<u>10,292</u>	<u>371</u>	<u>14,151</u>
Segment profit/(loss)	<u>(4,147)</u>	<u>(4,462)</u>	<u>204</u>	<u>(524)</u>	(8,929)
Other income					458
Other gains, net					132
Central administrative costs					(4,295)
Finance costs					<u>(228)</u>
Loss before tax					<u>(12,862)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of certain other income, certain other gains, net, central administrative costs (including directors' emoluments) and certain finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

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

Aa at 30 September 2020

	Design, fitting out and engineering services <i>HK\$'000</i> (unaudited)	Leasing of construction equipment <i>HK\$'000</i> (unaudited)	Wines merchandising <i>HK\$'000</i> (unaudited)	Financial services business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment assets					
Non-current assets					
Property, plant and equipment	6	17,606	–	–	17,612
Right-of-use assets	–	12,090	–	–	12,090
Goodwill	1,867	–	–	–	1,867
Intangible assets	–	–	–	13,683	13,683
Deposit for purchase of property, plant and equipment	–	3,629	–	–	3,629
	<u>1,873</u>	<u>33,325</u>	<u>–</u>	<u>13,683</u>	<u>48,881</u>
Current assets	<u>6,702</u>	<u>4,072</u>	<u>4,237</u>	<u>6,326</u>	<u>21,337</u>
Segment assets	<u><u>8,575</u></u>	<u><u>37,397</u></u>	<u><u>4,237</u></u>	<u><u>20,009</u></u>	<u><u>70,218</u></u>
Unallocated:					
Cash and bank balances					10,317
Others					<u>33,551</u>
Total assets per condensed consolidated statement of financial position					<u><u>114,086</u></u>
Segment liabilities					
Non-current liabilities					
Deferred tax liabilities	–	–	–	2,257	2,257
Lease liabilities	–	9,353	–	–	9,353
	<u>–</u>	<u>9,353</u>	<u>–</u>	<u>2,257</u>	<u>11,610</u>
Current liabilities	<u>4,758</u>	<u>11,526</u>	<u>2</u>	<u>90</u>	<u>16,376</u>
Segment liabilities	<u><u>4,758</u></u>	<u><u>20,879</u></u>	<u><u>2</u></u>	<u><u>2,347</u></u>	<u><u>27,986</u></u>
Unallocated:					
Others					<u>7,085</u>
Total liabilities per condensed consolidated statement of financial position					<u><u>35,071</u></u>

	Design, fitting out and engineering services <i>HK\$'000</i> (Audited)	Leasing of construction equipment <i>HK\$'000</i> (Audited)	Wines merchandising <i>HK\$'000</i> (Audited)	Financial services Business <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment assets					
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 purchase of property, plant and equipment	–	297	–	–	297
	1,876	31,845	–	13,683	47,404
Current assets	7,766	2,575	4,128	6,139	20,608
Segment assets	<u>9,642</u>	<u>34,420</u>	<u>4,128</u>	<u>19,822</u>	68,012
Unallocated:					
Cash and bank balances					10,698
Others					<u>35,560</u>
Total assets per condensed consolidated statement of financial position					<u>114,270</u>
Segment liabilities					
Non-current liabilities					
Deferred tax liabilities	–	–	–	2,257	2,257
Lease liabilities	–	10,969	–	–	10,969
	–	10,969	–	2,257	13,226
Current liabilities	5,213	3,250	22	226	8,711
Segment liabilities	<u>5,213</u>	<u>14,219</u>	<u>22</u>	<u>2,483</u>	21,937
Unallocated:					
Others					<u>9,340</u>
Total liabilities per condensed consolidated statement of financial position					<u>31,277</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, 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

	For the three months ended 30 September		For the six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Bank interest income	1	58	1	74
Rental income	204	191	405	377
Sundry income	408	1	514	16
	<u>613</u>	<u>250</u>	<u>920</u>	<u>467</u>

6. OTHER GAINS, NET

	For the three months ended 30 September		For the six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Gain on disposal of subsidiaries (<i>note 20</i>)	–	3	–	3
Gain on disposal of property, plant and equipment	57	–	64	129
Exchange gain	–	11	–	11
	<u>57</u>	<u>14</u>	<u>64</u>	<u>143</u>

7. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Interest on:				
– Unsecured other borrowings	28	–	28	–
– Lease liabilities	226	193	473	411
	<u>254</u>	<u>193</u>	<u>501</u>	<u>411</u>

8. 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries and wages included in cost of sales	545	239	766	531
Salaries and wages included in administrative expenses:				
Directors' emoluments (including contribution to defined contribution plans)	821	1,150	1,644	2,341
Salaries, wages and other benefits (excluding directors' emoluments)	1,553	1,503	3,014	3,214
Contribution to defined contribution plans (excluding directors)	84	53	138	117
	<u>3,003</u>	<u>2,945</u>	<u>5,562</u>	<u>6,203</u>
Cost of inventories sold	3,622	6,070	7,073	10,065
Auditor's remuneration	–	–	–	–
Depreciation of property, plant and equipment (<i>Note</i>)	1,470	1,119	2,900	2,045
Depreciation of right-of-use assets	1,763	1,340	3,516	2,786
Lease payments under short-term leases on premises	22	504	53	1,008
Gross rental income less outgoings	<u>(165)</u>	<u>(163)</u>	<u>(328)</u>	<u>(318)</u>

Note:

Depreciation of property, plant and equipment for the six months ended 30 September 2020 amounted to approximately HK\$1,893,000 (six months ended 30 September 2019: HK\$693,000) was included in cost of sales.

9. INCOME TAX EXPENSE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (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 2020 and 2019.

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

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

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

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

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

10. LOSS PER SHARE

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

Loss for the period

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the purpose of basic and diluted loss per share	<u>(1,932)</u>	<u>(6,310)</u>	<u>(3,960)</u>	<u>(12,862)</u>

Number of shares

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

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK cents (Unaudited)	2019 HK cents (Unaudited)	2020 HK cents (Unaudited)	2019 HK cents (Unaudited)
Basic and diluted	<u>(0.37)</u>	<u>(1.45)</u>	<u>(0.76)</u>	<u>(2.95)</u>

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

11. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

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

During the six months ended 30 September 2020, the Group spent approximately HK\$2,565,000 (six months ended 30 September 2019: approximately HK\$10,719,000) on additions to property, plant and equipment. As at 30 September 2020, the Group had deposit of approximately HK\$3,629,000 (31 March 2020: HK\$297,000) paid for further purchase of scaffolding equipment.

During the six months ended 30 September 2020, gain on disposal of property, plant and equipment amounted to approximately HK\$64,000 was recorded (six months ended 30 September 2019: approximately HK\$129,000).

During the six months ended 30 September 2020, the Group recognised right-of-use assets amounted to approximately HK\$61,000 (six months ended 30 September 2019: approximately HK\$17,987,000).

During the six months ended 30 September 2020 and 2019, there was no addition or disposal of investment property.

13. LOAN AND INTEREST RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Loan receivables	6,300	6,300
Interest receivables	311	26
Less: Allowance for expected credit losses	(287)	(190)
	<u>6,324</u>	<u>6,136</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.

The loan and interest receivables were past due but not impaired at each of the reporting dates. 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 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
At beginning of the period/year	190	184
Increase in allowance	<u>97</u>	<u>6</u>
At end of the period/year	<u>287</u>	<u>190</u>
 14. INVENTORIES		
	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Fine and rare wines held for sale, at cost	<u>567</u>	<u>827</u>
 15. TRADE AND OTHER RECEIVABLES		
	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables		
From third parties	17,894	16,519
Less: Loss allowance	<u>(4,782)</u>	<u>(4,623)</u>
Net trade receivables	<u>13,112</u>	<u>11,896</u>
Other receivables		
Deposit, prepayment and advance to suppliers	1,954	2,349
Others	<u>538</u>	<u>552</u>
	<u>2,492</u>	<u>2,901</u>
Total trade and other receivables	<u>15,604</u>	<u>14,797</u>

The Group allows an average credit period ranging from 30 to 60 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.

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 90 days	8,165	6,356
91 days to 180 days	1,419	4,300
181 days to 270 days	9	293
271 days to 365 days	2,650	947
More than 365 days	869	–
	<u>13,112</u>	<u>11,896</u>

The movement in the loss allowance for trade receivables is set out below:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
At the beginning of the period/year	4,623	4,329
Increase in allowance	159	382
Disposal of subsidiaries	–	(88)
	<u>4,782</u>	<u>4,623</u>

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Unbilled revenue in respect of provision of design, fitting out, engineering and procurement of furnishings and related products services	501	522
Less: Loss allowance	(67)	(65)
	<u>434</u>	<u>457</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 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Provision of design, fitting out, engineering and procurement of furnishings and related products services	<u>246</u>	<u>601</u>

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

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 design, fitting out and engineering services income, commission income from introducing brokerage services 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.

17. CASH AND BANK BALANCES

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
HK\$	9,897	10,112
RMB	193	360
US\$	76	77
Singapore Dollars ("SGD")	<u>151</u>	<u>149</u>
	<u>10,317</u>	<u>10,698</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.

18. TRADE AND OTHER PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	<u>4,424</u>	<u>4,345</u>
Other payables		
Receipt in advances	316	178
Accrued expenses and other payables	<u>2,441</u>	<u>3,181</u>
	<u>2,757</u>	<u>3,359</u>
Total trade and other payables	<u><u>7,181</u></u>	<u><u>7,704</u></u>

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 30 days	720	845
More than 30 days but within 90 days	–	–
More than 90 days	<u>3,704</u>	<u>3,500</u>
	<u><u>4,424</u></u>	<u><u>4,345</u></u>

19. SHARE CAPITAL

	Number of ordinary shares '000	Share capital HK\$'000
Issued and fully paid:		
As at 1 April 2019	435,600	168,887
Issue of new shares under placing, net of transaction costs (<i>Note</i>)	<u>87,000</u>	<u>6,708</u>
As at 31 March 2020 (audited) and 30 September 2020 (unaudited)	<u><u>522,600</u></u>	<u><u>175,595</u></u>

Note: On 12 November 2019, the Group and a placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure altogether not less than six independent placees for placing (the “2019 Placing”) up to an aggregate of 87,000,000 shares of the Company at a placing price of HK\$0.08 per share. The closing price per share 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 placing of approximately HK\$6.5 million was used for the purchase of construction equipment for leasing purpose. The 2019 Placing was completed with new shares issued on 29 November 2019.

20. 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>

21. CAPITAL COMMITMENT

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Contracted but not provided for:		
– Purchase of scaffolding equipment (<i>Note</i>)	11,160	1,865
– Development of construction equipment management system	–	125
	<u>11,160</u>	<u>1,990</u>

Note:

As announced by the Company on 7 September 2020, the Group and a supplier entered into a purchase agreement, pursuant to which the Group has conditionally agreed to purchase and the supplier has conditionally agreed to provide scaffolding equipment at a total consideration of approximately HK\$11,160,000, which together with previous purchasing orders(s) as announced by the Company on 1 September 2020 and 3 September 2020, in aggregate, amounting to approximately HK\$16,210,000. Subsequent to the end of the reporting period, the purchasing agreement was approved by the shareholders of the Company at an extraordinary general meeting held on 19 October 2020.

22. RELATED PARTY TRANSACTIONS

- (a) In addition to balances and transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	For the six months ended 30 September 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Commission income from introducing brokerage services received from a related company	<u>13</u>	<u>–</u>

Apart from the above transactions, on 28 August 2020, the Company entered into a placing agreement with ChaoShang Securities Limited (“CSL”), a wholly-owned subsidiary of a substantial shareholder of the Company, pursuant to which, subject to completion of the Placing as detailed in note 24 to the condensed consolidated financial statements, the Company shall pay to CSL a commission of 2% of the unsubscribed Rights Shares placed by CSL. Subsequent to the end of the reporting period, on 22 October 2020, the Company also entered into a matching service agreement with CSL in relation to the appointment of CSL as matching service agent for the sale and purchase of odd lots of the Consolidated Shares (including the Rights Shares). A service fee of HK\$20,000 shall be payable by the Company to CSL upon completion of the provision of the odd lot matching services. Please refer to the Company’s announcements dated 28 August 2020, 3 September 2020, 22 October 2020, and circular dated 24 October 2020 for details.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the six months ended 30 September 2020 and 2019 is as follows:

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, allowances and other benefits	2,597	3,377
Contributions to retirement benefits scheme	63	80
	2,660	3,457

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. EVENTS AFTER THE REPORTING PERIOD

(a) 2019 Noval Coronavirus

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

(b) Proposed share consolidation and rights issue

As announced by the Company on 28 August 2020, among other things, the Company proposed (i) to implement a share consolidation (the “Share Consolidation”) on the basis that every ten issued existing shares of the Company be consolidated into one consolidated share (the “Consolidated Share”) and (ii) to raise approximately HK\$31.35 million before expenses by way of a rights issue (the “Rights Issue”) of 104,520,000 rights shares (the “Rights Shares”) at a subscription price of HK\$0.30 per Rights Share on the basis of two Rights Shares for every one Consolidated Share held by the qualifying shareholders on the record date, and the net proceeds of the Rights Issue of approximately HK\$29.46 million will be used for purchase of construction equipment and for the Group’s operating, administrative and general expenses.

On 28 August 2020, the Company and CSL entered into a placing agreement, pursuant to which CSL has conditionally agreed to procure placee(s) (the “Placing”), on a best effort basis, to subscribe for the unsubscribed Rights Shares and the non-qualifying Shareholders unsold Rights Shares at a placing price not less than the subscription price of HK\$0.30 per Rights Share. The closing price per share of the Company on that date was HK\$0.04 per share (equivalent to HK\$0.40 per Consolidated Share).

On 28 August 2020, the Company and an underwriter (the “Underwriter”) entered into an underwriting agreement, pursuant to the which, the Underwriter has conditionally agreed to underwrite (the “Underwriting”) on a non-fully underwritten basis up to 35,000,000 Rights Shares at the subscription price of HK\$0.30 per Rights Share.

The Share Consolidation, the Rights Issue, the Placing and the Underwriting are conditional upon, among other things, the shareholders’ or independent shareholders’ approval (as the case may be) at an extraordinary general meeting to be convened by the Company on 16 November 2020.

Please refer to the Company’s announcements dated 28 August 2020, 3 September 2020, and 22 October 2020, and circular dated 24 October 2020 for details.

Except as disclosed above, there is no material subsequent event after 30 September 2020 and up to the date of this announcement.

25. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Financial Review

Revenue

The Group recorded a total revenue for the six months ended 30 September 2020 of approximately HK\$29.9 million (six months ended 30 September 2019: HK\$14.2 million), representing an increase of approximately HK\$15.7 million or 110.6% as compared with last corresponding period.

Breakdown of revenue by types of segments is as follows:

	For the six months ended 30 September	
	2020	2019
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services income	18,622	3,161
Rental income from leasing of construction equipment	3,452	327
Sale of fine and rare wines	7,473	10,292
Income from financial services	392	371
	29,939	14,151

Breakdown of revenue by geographical locations is as follows:

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	<u>29,939</u>	<u>14,151</u>
	<u>29,939</u>	<u>14,151</u>

The significant increase of the Group's total revenue was mainly attributed by the design, fitting out and engineering services business for the six months ended 30 September 2020 of approximately HK\$18.6 million (six months ended 30 September 2019: HK\$3.2 million). Besides, revenue from the leasing of construction equipment business of approximately HK\$3.5 million (six months ended 30 September 2019: HK\$0.3 million) also attributed to the increase of the Group's total revenue. Such increase in the revenue of both the design, fitting out and engineering services business and the leasing of construction equipment business was the result of the effort made by the Group to tender and secure more design, fitting out and engineering projects with higher contract sums and the increase in the number of the leasing of construction equipment projects when compared with the last corresponding period.

There was a drop in the sales of fine and rare wines from approximately HK\$10.3 million for the six months ended 30 September 2019 to approximately HK\$7.5 million for the six months ended 30 September 2020.

The revenue from the provision of financial services were maintained at the similar level as compared with the last corresponding period.

Gross profit for the period

For the six months ended 30 September 2020, the Group recorded a gross profit of approximately HK\$6.5 million (six months ended 30 September 2019: HK\$0.9 million) representing an increase of approximately HK\$5.6 million as compared with the last corresponding period. The Group's overall gross profit margin was approximately 21.7% (six months ended 30 September 2019: 6.6%).

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

	Gross profit/(loss) for the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services	4,233	704
Leasing of construction equipment	1,469	(366)
Sourcing and merchandising of fine and rare wines	400	227
Financial services business	392	371
	<hr/> 6,494 <hr/>	<hr/> 936 <hr/>

The increase in the Group's overall gross profit of approximately HK\$5.6 million was mainly due to the increase in the design, fitting out and engineering services business of approximately HK\$3.5 million and the turnaround gross profit of the leasing of construction equipment business to approximately HK\$1.5 million from last corresponding period's gross loss of approximately HK\$0.4 million. Such increase was mainly due to the significant increase in revenue from the design, fitting out and engineering projects with higher contract sums and the increase in rental income from the leasing of construction equipment with increase in the number of leasing projects during the period.

Loss for the period

During the six months ended 30 September 2020, although the Group has a gross profit of approximately HK\$6.5 million (six months ended 30 September 2019: HK\$0.9 million), the Group recorded a loss for the period of approximately HK\$4.0 million (six months ended 30 September 2019: HK\$12.9 million), representing a decrease in the loss for the period of approximately HK\$8.9 million or 69.0%.

Such decrease in loss for the period was resulting from (i) the increase in the Group's gross profit of approximately HK\$5.6 million and (ii) the Group's effort to reduce the administrative expenses by approximately HK\$3.2 million from last corresponding period of approximately HK\$13.9 million to the current period of approximately HK\$10.7 million mainly through (i) decrease in the staff costs of approximately HK\$0.6 million; (ii) decrease in short term lease payment of approximately HK\$1.0 million; and (iii) decrease in one-off legal costs for a claim amounting to approximately HK\$0.7 million.

Business Review and Prospects

Design, fitting out and engineering services business

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

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

The Group has proactively submitting tenders and managed to secure projects with contract sums of significantly higher than those for the year ended 31 March 2020, resulting with a significant increase in revenue for the six months ended 30 September 2020. With these brilliant results, the Group is vigorously in negotiation with a number of other potential customers and has successfully established business relationship with certain customers for the provision of design, fitting out and engineering services including provision of public housing maintenance, improvement and vacant flat refurbishment works and services during the period. Just before the end of the current period, the Group had orders from a contractor for the provision of vacant flat refurbishment works and services in relation to public housing which was commenced subsequent to the end of the reporting period. The Group expects such exploration and strategy will further broaden and strengthen the income stream and the sustainable development of the design, fitting out and engineering services business with maximization of return of the shareholders and the value of the Group.

Leasing of construction equipment business

The Group's leasing business has been in the initial growth and development phase during the last year and has progressive increase in number of customers and projects during the period. The Group has been building and consolidating business relationship with its existing customers and is able to explore new customers and conclude projects with significant contract sums. Although the growth rate may not be dramatically raised constantly, the income generating therefrom is relatively stable and low risk in nature which would progressively develop into an economic scale with considerable and sustainable income stream to the Group.

With the commencement of the infrastructural facilities such as the development and construction of the third aerial runway and the new airport terminal and buildings, it is expected that the leasing of construction equipment business of the Group would be benefited from such positive growth and development. During the past few months, the Group has explored and negotiated with the contracts alongside such development. The Group had secured orders for leasing of the construction equipment to be used in the third runway project of the Hong Kong Airport before the end of the current period, and the Group shall be required to deliver a vast amount of such scaffolding equipment to meet the upcoming demand of those orders. Given the vast amount of scaffolding equipment required for the gigantic third runway project, the Group had placed orders for purchase of additional scaffolding equipment to maintain sufficient amount for leasing purposes in order to meet the huge demand. The Group has commenced to deliver the construction equipment to the work sites of the new projects subsequent to the end of the reporting period.

Looking forward, with the branding recognition of the Group's leasing of construction equipment business and the enlargement of its operation scale, the rental income derived therefrom would have significant growth potential. With the ongoing increase in number of customers and projects, the leasing of construction equipment will be a major business segment attributable to the success of the Group in the coming years.

Sourcing and merchandising of fine and rare wines

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

Financial services business

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

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

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

EVENTS AFTER THE REPORTING PERIOD

(a) 2019 Noval Coronavirus

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

(b) Proposed share consolidation and rights issue

As announced by the Company on 28 August 2020, among other things, the Company proposed (i) to implement a share consolidation (the "Share Consolidation") on the basis that every ten issued existing shares of the Company be consolidated into one consolidated share (the "Consolidated Share") and (ii) to raise approximately HK\$31.35 million before expenses by way of a rights issue (the "Rights Issue") of 104,520,000 rights shares (the "Rights Shares") at a subscription price of HK\$0.30 per Rights Share on the basis of two Rights Shares for every one Consolidated Share held by the qualifying shareholders on the record date, and the net proceeds of the Rights Issue of approximately HK\$29.46 million will be used for purchase of construction equipment and for the Group's operating, administrative and general expenses.

On 28 August 2020, the Company and a placing agent (the "Placing Agent") entered into a placing agreement, pursuant to which the Placing Agent has conditionally agreed to procure placee(s) (the "Placing"), on a best effort basis, to subscribe for the unsubscribed Rights Shares and the non-qualifying Shareholders unsold Rights Shares at a placing price not less than the subscription price of HK\$0.30 per Rights Share. The closing price per share of the Company on that date was HK\$0.04 per share (equivalent to HK\$0.40 per Consolidated Share).

On 28 August 2020, the Company and an underwriter (the “Underwriter”) entered into an underwriting agreement, pursuant to the which, the Underwriter has conditionally agreed to underwrite (the “Underwriting”) on a non-fully underwritten basis up to 35,000,000 Rights Shares at the subscription price of HK\$0.30 per Rights Share.

The Share Consolidation, the Rights Issue, the Placing and the Underwriting are conditional upon, among other things, the shareholders’ or independent shareholders’ approval (as the case may be) at an extraordinary general meeting to be convened by the Company on 16 November 2020.

Please refer to the Company’s announcements dated 28 August 2020, 3 September 2020, and 22 October 2020, and circular dated 24 October 2020 for details.

Except as disclosed above, there is no material subsequent event after 30 September 2020 and up to the date of this announcement.

Liquidity and Financial Resources

During the six months ended 30 September 2020, the Group financed its operations by its internal resources and debt financing. As at 30 September 2020, the Group had net current assets of approximately HK\$10.8 million (31 March 2020: HK\$17.8 million), including cash and bank balances of approximately HK\$10.3 million (31 March 2020: HK\$10.7 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.5 times as at 30 September 2020 (31 March 2020: 2.2 times). The decrease in the current ratio was mainly attributable to payment for acquisition of scaffolding equipment and increase in other borrowing 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 2020. Total equity attributable to owners of the Company amounted to approximately HK\$79.0 million as at 30 September 2020 (31 March 2020: HK\$83.0 million).

As at 30 September 2020, the Group’s borrowings comprised lease liabilities of approximately HK\$17.1 million and unsecured other borrowings of HK\$8.0 million (31 March 2020: lease liabilities of HK\$20.4 million). The Group’s gearing ratio, calculated by dividing total borrowings by total equity, was approximately 31.7% (31 March 2020: 24.6%). The increase in the gearing ratio was mainly attributable to the increase in other borrowings during the current period.

As disclosed in the section headed “Events After The Reporting Period” above, the Group has proposed (i) the Share Consolidation and (ii) the Rights Issue which are subject to the approval of the shareholders of the Company. Please refer to the Company’s announcements dated 28 August 2020, 3 September 2020 and 22 October 2020 and the circular dated 24 October 2020 for details.

Use of Proceeds from Placing of New Shares under General Mandate

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

On 12 November 2019, the Group and a placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure altogether not less than six independent places for placing (the “2019 Placing”) up to an aggregate of 87,000,000 shares of the Company at a placing price of HK\$0.08 per 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), respectively. The Company intended to use all the net proceeds for the purchase of construction equipment for leasing purpose.

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

Rights Issue and Placing of Shares

As disclosed in the section headed “Events After The Reporting Period” above, the Group has proposed the Rights Issue and the placing of the unsubscribed Rights Shares subject to the approval of the shareholders of the Company. Please refer to the Company’s announcements dated 28 August 2020, 3 September 2020 and 22 October 2020 and the circular dated 24 October 2020 for details.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 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 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 2020 and 31 March 2020, the Group did not pledge any of its assets.

Contingent Liabilities

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

Significant Acquisition and Disposal

Save as disclosed in notes 12, 20 and 21 to the condensed consolidated financial statements, there has been no significant acquisition and disposal of subsidiaries or assets of the Group during the six months ended 30 September 2020.

Commitment

Save as disclosed in note 21 to the condensed consolidated financial statements, the Group did not have any other commitment as at 30 September 2020.

Employees and Remuneration Policies

As at 30 September 2020, the Group employed 39 (30 September 2019: 27) employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual’s performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group’s performance as well as individual’s performance.

Total remuneration for the six months ended 30 September 2020 (including emoluments and salaries to staff and Directors and MPF contributions) was approximately HK\$5.6 million (six months ended 30 September 2019: HK\$6.2 million). The decrease in the remuneration was mainly due to stringent control in staff remuneration.

Directors' Right to Acquire Shares

At no time during the six months ended 30 September 2020 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate. None of the Directors nor the Chief Executive (including their spouses and children under 18 years of age) had any interest in, or been granted, or exercised any rights to subscribe for the shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO) during the six months ended 30 September 2020.

Directors' Securities Transactions

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. No Director has dealt in the shares of the Company during the six months ended 30 September 2020. 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 2020.

Purchase, Sale or Redemption of Shares

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Equity-Linked Agreements

No equity-linked agreements were entered into by the Group or existed during the six months ended 30 September 2020.

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

Competing Interests

During the six months ended 30 September 2020 and up to the date of this announcement, a Director's interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules were as follows:

Director	Name of company	Nature of business	Nature of interests
Mr. Chan Chi Yuen	Hong Kong ChaoShang Group Limited ("HK ChaoShang") and its subsidiaries	Money lending business and securities and asset management business	Executive director and chief executive officer of HK ChaoShang

As the Board is independent to the boards of directors of the abovementioned companies, the Group is capable of carrying on its business independently to, and at arm's length, from the business of those companies.

Save as disclosed above, none of the Directors was interested in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group during the six months ended 30 September 2020.

Corporate Governance Practices

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

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

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

Changes in Information of Director

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

Audit Committee

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

The Audit Committee had reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2020 with the management in connection with the compliance of the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal or disclosure requirements.

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, 10 November 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.