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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 2021

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.

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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 2021 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		For the three months ended 30 September		For the six months ended 30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	16,439	14,014	32,644	29,939
Cost of sales		(13,235)	(10,744)	(26,720)	(23,445)
Gross profit		3,204	3,270	5,924	6,494
Other income	5	219	613	486	920
Other gains or losses, net	6	628	57	888	64
Allowance for ECL on loan and interest receivables		(10)	(91)	(20)	(97)
Allowance for ECL on trade receivables		(968)	(81)	(1,252)	(159)
Allowance for ECL on contract assets		(15)	–	(10)	(2)
Administrative expenses		(6,332)	(5,446)	(12,562)	(10,679)
Finance costs	7	(135)	(254)	(293)	(501)

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Loss before tax	8	(3,409)	(1,932)	(6,839)	(3,960)
Income tax expense	9	—	—	—	—
Loss for the period attributable to owners of the Company		<u>(3,409)</u>	<u>(1,932)</u>	<u>(6,839)</u>	<u>(3,960)</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		—	(18)	(1)	(18)
Total comprehensive loss for the period attributable to owners of the Company		<u>(3,409)</u>	<u>(1,950)</u>	<u>(6,840)</u>	<u>(3,978)</u>
			(Restated)		(Restated)
Loss per share					
– Basic and diluted (HK\$)	10	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.04)</u>	<u>(0.06)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

		30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	12	26,529	30,865
Investment property	12	27,000	27,000
Right-of-use assets	12	9,408	12,904
Goodwill		–	–
Intangible assets		6,467	6,467
		<u>69,404</u>	<u>77,236</u>
Current assets			
Loan and interest receivables	13	5,810	5,558
Inventories	14	1,297	1,139
Trade and other receivables	15	18,787	16,658
Contract assets	16(a)	3,540	2,574
Tax recoverable		–	–
Cash and bank balances	17	9,013	16,728
		<u>38,447</u>	<u>42,657</u>
Current liabilities			
Trade and other payables	18	9,854	11,579
Contract liabilities	16(b)	177	109
Income tax payable		93	93
Lease liabilities		4,028	5,872
		<u>14,152</u>	<u>17,653</u>
Net current assets		<u>24,295</u>	<u>25,004</u>
Total assets less current liabilities		<u>93,699</u>	<u>102,240</u>
Non-current liabilities			
Deferred tax liabilities		1,061	1,061
Lease liabilities		5,994	7,695
		<u>7,055</u>	<u>8,756</u>
NET ASSETS		<u>86,644</u>	<u>93,484</u>
Equity			
Share capital	19	205,523	205,523
Reserves		(118,879)	(112,039)
TOTAL EQUITY		<u>86,644</u>	<u>93,484</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021 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 2021.

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 2021 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 2021 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 2021 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(s)”)

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 2021 are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2021, 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 2021:

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021

The application of these new and amendments to HKASs and HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

New/Revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKASs and HKFRSs that have been issued but are not yet effective:

Accounting Guideline 5 (Revised)	<i>Merger Accounting for Common Control Combination¹</i>
Amendments to HKAS 16	<i>Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Cost of Fulfilling a Contract¹</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework¹</i>
Annual Improvements to HKFRSs	<i>2018–2020 Cycle¹</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to HKAS 1	<i>Disclosure of Accounting Policies²</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
HKFRS 17	<i>Insurance Contracts²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

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

² Effective for annual periods beginning on or after 1 January 2023

³ 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 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Design, fitting out and engineering services income	8,788	8,391	17,534	18,622
Rental and installation services income from leasing of construction equipment	3,527	1,723	6,852	3,452
Sale of fine and rare wines	3,988	3,700	7,979	7,473
Interest income from money lending	136	191	272	379
Commission income from introducing brokerage services	–	9	7	13
	16,439	14,014	32,644	29,939
Revenue from contracts with customer within HKFRS 15:				
Revenue recognised at a point in time				
– Sale of fine and rare wines	3,988	3,700	7,979	7,473
– Commission income from introducing brokerage services	–	9	7	13
Revenue recognised over time				
– Design, fitting out and engineering services income	8,788	8,391	17,534	18,622
– Installation services income from leasing of construction equipment	317	–	567	–
	13,093	12,100	26,087	26,108
Revenue from other sources				
Rental income from leasing of construction equipment	3,210	1,723	6,285	3,452
Interest income from money lending	136	191	272	379
Total segment revenue	16,439	14,014	32,644	29,939

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. No operating segments identified by the executive directors have been aggregated in arriving at the reportable segments of the Group.

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

- (1) Provision of design, 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 2021

	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>17,534</u>	<u>6,852</u>	<u>7,979</u>	<u>279</u>	<u>32,644</u>
Segment (loss)/profit	<u>(101)</u>	<u>(1,616)</u>	<u>102</u>	<u>(747)</u>	<u>(2,362)</u>
Unallocated:					
Other income					447
Central administrative costs					(4,887)
Finance costs					<u>(37)</u>
Loss before tax					<u>(6,839)</u>

For the six months ended 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 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
Unallocated:					
Other income					637
Central administrative costs					(4,791)
Finance costs					<u>(136)</u>
Loss before tax					<u>(3,960)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of certain other income, central administrative costs (including directors' emoluments) and 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:

As at 30 September 2021

	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	27	26,306	–	–	26,333
Right-of-use assets	–	8,793	–	–	8,793
Intangible assets	–	–	–	5,042	5,042
	27	35,099	–	5,042	40,168
Current assets	7,901	10,636	3,518	5,810	27,865
Segment assets	<u>7,928</u>	<u>45,735</u>	<u>3,518</u>	<u>10,852</u>	<u>68,033</u>
Unallocated:					
Cash and bank balances					9,013
Others					<u>30,805</u>
Total assets per condensed consolidated statement of financial position					<u>107,851</u>
Segment liabilities					
Non-current liabilities					
Deferred tax liabilities	–	–	–	832	832
Lease liabilities	–	5,994	–	–	5,994
	–	5,994	–	832	6,826
Current liabilities	4,598	4,273	20	330	9,221
Segment liabilities	<u>4,598</u>	<u>10,267</u>	<u>20</u>	<u>1,162</u>	<u>16,047</u>
Unallocated:					
Others					<u>5,160</u>
Total liabilities per condensed consolidated statement of financial position					<u>21,207</u>

As at 31 March 2021

	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	25	30,464	–	–	30,489
Right-of-use assets	–	10,441	–	–	10,441
Intangible assets	–	–	–	5,042	5,042
	25	40,905	–	5,042	45,972
Current assets	7,824	6,605	4,362	5,558	24,349
Segment assets	<u>7,849</u>	<u>47,510</u>	<u>4,362</u>	<u>10,600</u>	70,321
Unallocated:					
Cash and bank balances					16,728
Others					<u>32,844</u>
Total assets per condensed consolidated statement of financial position					<u>119,893</u>
Segment liabilities					
Non-current liabilities					
Deferred tax liabilities	–	–	–	832	832
Lease liabilities	–	7,695	–	–	7,695
	–	7,695	–	832	8,527
Current liabilities	3,310	3,865	3,770	195	11,140
Segment liabilities	<u>3,310</u>	<u>11,560</u>	<u>3,770</u>	<u>1,027</u>	19,667
Unallocated:					
Others					<u>6,742</u>
Total liabilities per condensed consolidated statement of financial position					<u>26,409</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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Bank interest income	–	1	–	1
Rental income	205	204	426	405
Sundry income	14	408	60	514
	<u>219</u>	<u>613</u>	<u>486</u>	<u>920</u>

6. OTHER GAINS OR LOSSES, NET

	For the three months ended 30 September		For the six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Gain on disposal of property, plant and equipment	–	57	–	64
Gain/(Loss) on damage of construction equipment, net of compensation	628	–	888	–
	<u>628</u>	<u>57</u>	<u>888</u>	<u>64</u>

7. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Interest on:				
– Unsecured other borrowings	–	28	–	28
– Lease liabilities	135	226	293	473
	135	254	293	501

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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Salaries and wages included in cost of sales	493	545	913	766
Salaries and wages included in administrative expenses:				
Directors' emoluments (including contribution to defined contribution plans)	818	821	1,641	1,644
Salaries, wages and other benefits (excluding directors' emoluments)	1,534	1,484	3,138	2,945
Contribution to defined contribution plans (excluding directors)	55	84	113	138
	2,900	2,934	5,805	5,493
Auditor's remuneration	–	–	–	–
Depreciation of property, plant and equipment (<i>Note</i>)	2,015	1,470	4,081	2,900
Depreciation of right-of-use assets	1,748	1,763	3,496	3,516
Lease payments under short-term leases on premises	59	22	107	53
Gross rental income less outgoings arising from investment property	(174)	(165)	(368)	(328)

Note:

Depreciation of property, plant and equipment for the six months ended 30 September 2021 amounted to approximately HK\$3,470,000 (six months ended 30 September 2020 : HK\$1,893,000) 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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Current tax:				
Hong Kong profits tax	—	—	—	—
Deferred tax	—	—	—	—

No Hong Kong Profits Tax has been provided as the Group has no estimated assessable profits for the six months ended 30 September 2021 and 2020.

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

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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Loss for the purpose of basic and diluted loss per share	(3,409)	(1,932)	(6,839)	(3,960)

Number of shares

	For the three months ended 30 September		For the six months ended 30 September	
	2021 '000 (Unaudited)	2020 '000 (Unaudited) (Restated)	2021 '000 (Unaudited)	2020 '000 (Unaudited) (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>156,780</u>	<u>67,548</u>	<u>156,780</u>	<u>67,548</u>

The weighted average number of ordinary shares adopted for the basic and diluted loss per share for the three months and the six months ended 30 September 2020, respectively has been adjusted to take into account of the effect arising from (i) the share consolidation on 18 November 2020 and (ii) the rights issue of shares by the Company on 29 December 2020, details of which are set out in the Company's announcements dated 28 August 2020, 3 September 2020, 22 October 2020, 16 November 2020, 17 November 2020, 18 December 2020 and 28 December 2020, circular dated 24 October 2020 and listing document dated 30 November 2020.

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited) (Restated)	2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited) (Restated)
Basic and diluted	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.04)</u>	<u>(0.06)</u>

Since there were no potential dilutive shares in issue during the six months ended 30 September 2021 and 2020, 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 2021 (six months ended 30 September 2020 : Nil).

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

During the six months ended 30 September 2021, the Group spent approximately HK\$651,000 (six months ended 30 September 2020 : approximately HK\$2,565,000) on additions to property, plant and equipment.

During the six months ended 30 September 2021, property, plant and equipment with carrying amount of approximately HK\$906,000 (six months ended 30 September 2020 : Nil) were written off upon damage of construction equipment. No property, plant and equipment was disposed during the six months ended 30 September 2021 (six months ended 30 September 2020 : carrying amount of approximately HK\$57,000).

During the six months ended 30 September 2021 and 2020, there was no addition or disposal of investment property and right-of-use assets.

13. LOAN AND INTEREST RECEIVABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Loan receivables	6,000	6,000
Interest receivables	272	–
Less: Allowance for expected credit losses	<u>(462)</u>	<u>(442)</u>
	<u>5,810</u>	<u>5,558</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 receivables were not past due at each of the reporting dates. There had not been a significant change in credit quality of the loan receivables. Regular reviews on these loan and interest receivables are conducted by the management and allowance for expected credit losses has been assessed based on the historical information about counterparty default rate, latest status of these loan and interest receivables and the latest available information about the borrowers.

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
At beginning of the period/year	442	190
Increase in allowance	<u>20</u>	<u>252</u>
At end of the period/year	<u>462</u>	<u>442</u>

14. INVENTORIES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Fine and rare wines held for sale, at cost	565	565
Construction materials, at cost	<u>732</u>	<u>574</u>
	<u>1,297</u>	<u>1,139</u>

15. TRADE AND OTHER RECEIVABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivables		
From third parties	18,989	15,592
Less: Loss allowance	<u>(3,964)</u>	<u>(2,712)</u>
Net trade receivables	<u>15,025</u>	<u>12,880</u>
Other receivables		
Deposit, prepayment and advance to suppliers	2,177	3,241
Others	<u>1,585</u>	<u>537</u>
	<u>3,762</u>	<u>3,778</u>
Total trade and other receivables	<u><u>18,787</u></u>	<u><u>16,658</u></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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 90 days	7,107	10,559
91 days to 180 days	4,717	885
181 days to 270 days	1,628	855
271 days to 365 days	801	320
More than 365 days	<u>772</u>	<u>261</u>
	<u><u>15,025</u></u>	<u><u>12,880</u></u>

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
At the beginning of the period/year	2,712	4,623
Increase in allowance	1,252	–
Reversal of allowance	–	(13)
Write-off of allowance	–	(1,898)
	<u>3,964</u>	<u>2,712</u>

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Unbilled revenue in respect of provision of design, fitting out, engineering and procurement of furnishings and related products services	3,576	2,600
Less: Loss allowance	<u>(36)</u>	<u>(26)</u>
	<u><u>3,540</u></u>	<u><u>2,574</u></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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Provision of design, fitting out, engineering and procurement of furnishings and related products services	<u>177</u>	<u>109</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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
HK\$	8,683	16,582
RMB	249	78
US\$	68	68
Singapore Dollars ("SGD")	13	–
	<u>9,013</u>	<u>16,728</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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade payables	<u>4,002</u>	<u>6,469</u>
Other payables		
Receipt in advances	456	368
Accrued expenses and other payables	<u>5,396</u>	<u>4,742</u>
	<u>5,852</u>	<u>5,110</u>
Total trade and other payables	<u>9,854</u>	<u>11,579</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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 30 days	1,527	6,143
More than 90 days	2,475	326
	4,002	6,469

19. SHARE CAPITAL

	Number of ordinary shares '000	Share capital HK\$'000
Issued and fully paid:		
As at 1 April 2020	522,600	175,595
Share consolidation (<i>Note</i>)	(470,340)	–
Issue of new shares upon rights issue, net of transaction costs (<i>Note</i>)	104,520	29,928
As at 31 March 2021 (audited) and 30 September 2021 (unaudited)	156,780	205,523

Note: On 28 August 2020, 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\$31.4 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.

On 28 August 2020, the Company further entered into a placing agreement, pursuant to which, the placing agent conditionally agreed to procure placee(s) (the “Rights Issue Placing”) to subscribe for the unsubscribed Rights Shares and the non-qualifying shareholders unsold Rights Shares at a placing price of 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 (equivalent to HK\$0.40 per Consolidated Share).

On 18 November 2020, the Company completed the Share Consolidation by reduction of 470,340,000 issued existing shares of the Company.

On 29 December 2020, the Company completed the Rights Issue and the Rights Issue Placing and 104,520,000 Rights Shares were allotted and issued. The net proceeds of the Rights Issue and the Rights Issue Placing of approximately HK\$29.9 million was intended to be used for purchase of construction equipment and for the Group’s operating, administrative and general expenses.

Please refer to the Company’s announcements dated 28 August 2020, 3 September 2020, 22 October 2020, 16 November 2020, 17 November 2020, 18 December 2020 and 28 December 2020, circular dated 24 October 2020 and listing document dated 30 November 2020 for details.

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

20. CAPITAL COMMITMENT

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Contracted but not provided for:		
– Acquisition of construction equipment	–	499
	<u>–</u>	<u>499</u>
	<u>–</u>	<u>499</u>

21. 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Commission income received from a related company controlled by a substantial shareholder, a director of which is also a director of the Company	7	13
	<u>7</u>	<u>13</u>

- (b) **Compensation of key management personnel**

The remuneration of key management personnel of the Group during the six months ended 30 September 2021 and 2020 is as follows:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	2,559	2,597
Contributions to retirement benefits scheme	60	63
	<u>2,559</u>	<u>2,597</u>
	<u>2,619</u>	<u>2,660</u>

22. 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.

23. COMPARATIVE FIGURES

Certain comparative figures have been restated 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.

FINANCIAL REVIEW

Revenue

The Group recorded a total revenue for the six months ended 30 September 2021 of approximately HK\$32.6 million (six months ended 30 September 2020 : HK\$29.9 million), representing an increment of approximately 9.0% as compared with the last corresponding period.

Breakdown of revenue by types of segments is as follows:

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services income	17,534	18,622
Rental and installation services income from leasing of construction equipment	6,852	3,452
Sale of fine and rare wines	7,979	7,473
Income from financial services	279	392
	32,644	29,939

Breakdown of revenue by geographical locations is as follows:

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	31,406	29,939
The PRC	1,238	–
	32,644	29,939

The revenue generated from the design, fitting out and engineering services business for the six months ended 30 September 2021 amounted to approximately HK\$17.5 million, representing a drop of approximately HK\$1.1 million when compared with the revenue for the six months ended 30 September 2020 of approximately HK\$18.6 million.

The revenue arising from the leasing of construction equipment business was increased from approximately HK\$3.5 million for the six months ended 30 September 2020 to approximately HK\$6.9 million for the six months ended 30 September 2021, representing an increment of approximately HK\$3.4 million or 97.1%. Such increment was mainly due to the expansion of the business and the increase in the lease out quantity of scaffolding equipment following the additional investment to cater for the growth and development of this segment.

The revenue from the remaining two segments of sourcing and merchandising of fine and rare wines, and 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 2021, the Group recorded a gross profit of approximately HK\$5.9 million (six months ended 30 September 2020 : HK\$6.5 million) representing a decrease of approximately HK\$0.6 million as compared with the last corresponding period. The Group's overall gross profit margin was approximately 18.1% (six months ended 30 September 2020 : 21.7%).

Gross profit by types of segments is as follows:

	Gross profit for the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services	2,883	4,233
Leasing of construction equipment	2,593	1,469
Sourcing and merchandising of fine and rare wines	169	400
Financial services business	279	392
	5,924	6,494

The Group's overall gross profit for the six months ended 30 September 2021 was decreased by approximately HK\$0.6 million when compared with that of the last corresponding period.

The drop was mainly attributed to the decrease in the gross profit of approximately HK\$1.4 million from the design, fitting out and engineering services business. Such decrease was mainly due to the decrease in gross profit margin in order to maintain the competitiveness when facing the fierce competition in the industry and the recovery of the economy from the COVID-19 pandemic.

Meanwhile, the gross profit for the six months ended 30 September 2021 from the leasing of construction equipment business was increased by approximately HK\$1.1 million as compared with the last corresponding period due to the increment in lease out of the scaffolding equipment.

Besides, the aggregate gross profit from the sourcing and merchandising of fine and rare wines business and the financial services business was slightly decreased by approximately HK\$0.3 million as compared with the last corresponding period.

Loss for the period

During the six months ended 30 September 2021, although the Group has a gross profit of approximately HK\$5.9 million (six months ended 30 September 2020 : HK\$6.5 million), the Group recorded a loss for the period of approximately HK\$6.8 million (six months ended 30 September 2020 : HK\$4.0 million), representing an increase in loss for the period of approximately HK\$2.8 million.

Apart from the drop in the Group's gross profit, the increase in the Group's loss for the period was resulting from (i) the increase in the project management fee of approximately HK\$1.6 million for supervision and provision of management and administration services including insurance coverage, quality surveying, etc. in relation to the public housing estate works and maintenance services and (ii) the increase in impairment allowance of trade and other receivables of approximately HK\$1.1 million.

BUSINESS REVIEW AND PROSPECTS

Design, fitting out and engineering services business

During the six months ended 30 September 2021, included in the Group's revenue for the design, fitting out and engineering services was revenue from the provision of public housing maintenance, improvement and vacant flat refurbishment works and services amounted to approximately HK\$9.2 million, representing approximately 52.6% of the segment revenue for the current period. The public housing estates works was only commenced since October 2020 which attributed approximately HK\$6.7 million to the Group's revenue for the year ended 31 March 2021. The revenue for the period represents a growth of approximately 37.3%. The Group expects the revenue from the provision of public housing maintenance, improvement and vacant flat refurbishment works and services to have a steady growth and maintains a sustainable stream of income to the Group in the long run. The Group has been actively coordinating and negotiating with the current contractor as well as other contractors for the new term contracts in order to enlarge the Group's operations therefrom. The Group is optimistic to secure further public housing estates works and services.

Besides, the Group has established and maintained business relationship with existing customers for the provision of design, fitting out and engineering services. The Group has been invited by contractors/customers to submit tenders and has proactively negotiated with the customers for fitting out and engineering service projects. The Group has submitted tenders for 7 projects during the current period. Up to the date of this announcement, apart from the conclusion of projects from the private clients, the Group has been awarded for 2 waterproofing works and maintenance service projects from the Housing Authority which had been withdrawn/suspended in last year due to the impact of the COVID-19 pandemic.

The Group will continue to seek for the potential contractors (both private sector works and public housing projects) and to coordinate/negotiate with the existing contractors for further contracts as well as developing the business network with the existing contractors in the aim of building up the Group's brand and goodwill. 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 has continued to build and pursuit business relationship with its existing customers and is able to explore new customers and conclusion of projects.

The economic environment of Hong Kong has been steadily recovering from the COVID-19 pandemic and the infrastructure projects are being resumed with implementing the COVID-19 measures such as COVID-19 vaccination and tests. The Group has concluded with a contractor of a public tunnel infrastructure project of which the Group would lease out the scaffolding equipment together with the provision of installation services. The project has been commenced during the first quarter of the current year with the delivery of the required scaffolding equipment to the work site. The Group has carried out the installation services according to the demand and the specification of the contract during the current period. However, the Group was informed by the contractor that there would be certain revisions and amendments on the design and construction works project. The Group has been discussing with the relevant contractors/parties with reference to the terms of the contracts. The Group expects the finalisation of the variation works and specifications under the contract in the near future.

The Group has been managing to maintain a steady lease out rate of the scaffolding equipment. As at the date of this announcement, approximately 70% of the construction equipment have been leased out for rental income.

Looking forward, with the branding recognition of the Group's leasing of construction equipment business and the enlargement of its operation scale, the management expects the rental income therefrom would have significant growth potential. With the ongoing increase in number of customers and projects, the management is confident that 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 2021.

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

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2021, the Group financed its operations by its internal resources. As at 30 September 2021, the Group had net current assets of approximately HK\$24.3 million (31 March 2021 : HK\$25.0 million), including cash and bank balances of approximately HK\$9.0 million (31 March 2021 : HK\$16.7 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.7 times as at 30 September 2021 (31 March 2021 : 2.4 times). There was no material fluctuation in the current ratio 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 2021. Total equity attributable to owners of the Company amounted to approximately HK\$86.6 million as at 30 September 2021 (31 March 2021 : HK\$93.5 million).

As at 30 September 2021, the Group's borrowings comprised lease liabilities of approximately HK\$10.0 million (31 March 2021 : HK\$13.6 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 11.5% (31 March 2021 : 14.5%). The decrease in the gearing ratio was mainly attributable to the settlement of certain lease liabilities during the current period.

USE OF PROCEEDS FROM RIGHTS ISSUE

Reference is made to the announcements of the Company dated 28 August 2020, 3 September 2020, 22 October 2020, 16 November 2020, 17 November 2020, 18 December 2020 and 28 December 2020, circular dated 24 October 2020 and listing document dated 30 November 2020 in relation to the rights issue.

On 28 August 2020, 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\$31.4 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.

On 28 August 2020, the Company further entered into a placing agreement, pursuant to which, the placing agent conditionally agreed to procure placee(s) (the “Rights Issue Placing”) to subscribe for the unsubscribed Rights Shares and the non-qualifying shareholders unsold Rights Shares at a placing price of 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).

The Rights Issue and the Rights Issue Placing were approved by the shareholders at an extraordinary general meeting on 16 November 2020 and were completed on 29 December 2020. The net proceeds of the Rights Issue and the Rights Issue Placing was estimated at approximately HK\$29.4 million (equivalent to approximately HK\$0.29 per Rights Share). The Company intended to use all the net proceeds for purchase of construction equipment and for the Group’s operating, administrative and general expenses.

	Planned use of proceeds as described in the announcement dated 28 August 2020 and circular dated 24 October 2020 HK\$’000	Actual use of proceeds up to 31 March 2021 HK\$’000	Actual use of proceeds up to 30 September 2021 HK\$’000
Net proceeds from the Rights Issue and the Rights Issue Placing			
– Purchase of construction equipment (including the repayment of short term financing for purchase of construction equipment)	15,000-20,000	16,100	16,900
– Working capital			
– Design, fitting out and engineering services business	up to 9,000	6,400	7,100
– Leasing of construction equipment business	up to 2,000	1,600	2,000
– Other operating expenses	up to 3,400	3,400	3,400
	<u>9,400-14,400</u>	<u>11,400</u>	<u>12,500</u>
	<u>29,400</u>	<u>27,500</u>	<u>29,400</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021.

FOREIGN EXCHANGE EXPOSURE

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

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 2021 and 31 March 2021, the Group did not pledge any of its assets.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities.

SIGNIFICANT ACQUISITION AND DISPOSAL

Save as disclosed in note 12 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 2021.

COMMITMENT

Save as disclosed in note 20 to the condensed consolidated financial statements, the Group did not have any other commitment as at 30 September 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed 40 (30 September 2020 : 39) 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 2021 (including emoluments and salaries to staff and Directors and MPF contributions) was approximately HK\$5.8 million (six months ended 30 September 2020 : HK\$5.5 million). The increase in the remuneration was mainly due to increase in number of staff and the remuneration package of different level of skill of staff.

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the six months ended 30 September 2021 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 2021.

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 2021. 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 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2021, 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 2021.

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 2021, the Company has maintained the public float required by the GEM Listing Rules.

COMPETING INTERESTS

During the six months ended 30 September 2021 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 2021.

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. The post of chief executive of the Company has remained vacant since 21 February 2020 and 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.

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 2021 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, 8 November 2021

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.