



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

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

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022

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

Annual Results

The board of Directors (the “Board”) of Royal Century Resources Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2022 together with the comparative audited figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	57,660	66,807
Cost of sales		<u>(47,758)</u>	<u>(55,149)</u>
Gross profit		9,902	11,658
Other income	6	952	1,818
Other gains, net		1,266	613
Impairment of goodwill	14	–	(1,867)
Impairment of intangible assets	15	(690)	(8,682)
Allowance for ECL on loan and interest receivables		(377)	(252)
(Allowance for) Reversal of allowance for ECL on trade receivables		(4,350)	13
Allowance for ECL on contract assets		(14)	(26)
Change in fair value of investment property	12	(800)	1,400
Administrative expenses		(26,203)	(24,399)
Finance costs	7	<u>(622)</u>	<u>(1,128)</u>
Loss before tax	9	(20,936)	(20,852)
Income tax (expense) credit	8	<u>(132)</u>	<u>1,425</u>
Loss for the year attributable to owners of the Company		<u>(21,068)</u>	<u>(19,427)</u>
Other comprehensive loss for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(6)</u>	<u>(10)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(21,074)</u>	<u>(19,437)</u>
Loss per share:			
Basic and diluted (HK\$)	11	<u>(0.1)</u>	<u>(0.2)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		22,400	30,865
Investment property	<i>12</i>	26,200	27,000
Right-of-use assets	<i>13</i>	13,919	12,904
Goodwill	<i>14</i>	–	–
Intangible assets	<i>15</i>	5,777	6,467
		<hr/>	<hr/>
		68,296	77,236
Current assets			
Loan and interest receivables	<i>16</i>	5,451	5,558
Inventories	<i>17</i>	1,087	1,139
Trade and other receivables	<i>18</i>	17,259	16,658
Contract assets		3,931	2,574
Cash and bank balances		6,190	16,728
		<hr/>	<hr/>
		33,918	42,657
Current liabilities			
Trade and other payables	<i>19</i>	12,929	11,579
Contract liabilities		229	109
Income tax payable		93	93
Lease liabilities	<i>20</i>	6,643	5,872
		<hr/>	<hr/>
		19,894	17,653
Net current assets		<hr/> 14,024 <hr/>	<hr/> 25,004 <hr/>
Total assets less current liabilities		<hr/> 82,320 <hr/>	<hr/> 102,240 <hr/>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		1,193	1,061
Lease liabilities	20	8,717	7,695
		<u>9,910</u>	<u>8,756</u>
NET ASSETS		<u>72,410</u>	<u>93,484</u>
Equity			
Share capital	21	205,523	205,523
Reserves		<u>(133,113)</u>	<u>(112,039)</u>
TOTAL EQUITY		<u>72,410</u>	<u>93,484</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Royal Century Resources Holdings Limited (the “Company”) was incorporated in Hong Kong as a company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is Suite 2201, 22/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

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

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

The consolidated financial statements are presented in thousands (“HK\$’000”) of Hong Kong dollars (“HK\$”), unless otherwise stated, which is also the functional currency of the Company and its Hong Kong subsidiaries.

The financial information relating to the years ended 31 March 2022 and 2021 included in this preliminary announcement of annual results for the year ended 31 March 2022 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived therefrom. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated 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) and will deliver the consolidated financial statements for the year ended 31 March 2022 in due course.

The Company’s auditor has reported on the consolidated financial statements for the years ended 31 March 2022 and 2021. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under Sections 406(2), 407(2) or 407(3) of the Companies Ordinance (Cap. 622).

2. BASIS OF PREPARATION

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

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

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

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

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

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows—a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting—a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures—a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

Amendments to HKFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

New/revised HKFRSs issued but not yet effective

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

Amendments to HKAS 16	<i>Proceeds before Intended Use</i> ¹
Amendments to HKAS 37	<i>Cost of Fulfilling a Contract</i> ¹
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ¹
Annual Improvements to HKFRSs	<i>2018-2020 Cycle</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i> ²
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ²
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ²
HKFRS 17	<i>Insurance Contracts</i> ²
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³

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 The effective date to be determined

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

4. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Design, fitting out and engineering services income	33,785	36,823
Installation services income from construction equipment	3,296	–
Rental income from leasing of construction equipment	10,045	8,634
Sales of fine and rare wines	9,977	20,552
Interest income from money lending	539	756
Commission income from introducing brokerage services	18	42
	<u>57,660</u>	<u>66,807</u>
Revenue from contracts with customers within HKFRS 15:		
<i>Revenue recognised at a point in time</i>		
– Sales of fine and rare wines	9,977	20,552
– Commission income from introducing brokerage services	18	42
<i>Revenue recognised over time</i>		
– Design, fitting out and engineering services income	33,785	36,823
– Installation services income from construction equipment	3,296	–
	<u>47,076</u>	<u>57,417</u>
Revenue from other sources:		
– Rental income from leasing of construction equipment	10,045	8,634
– Interest income from money lending calculated using effective interest method	539	756
	<u>57,660</u>	<u>66,807</u>

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

5. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in services.

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

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

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

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

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

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

Segment revenue and results

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

For the year ended 31 March 2022

	Design, fitting out and engineering services HK\$'000	Leasing of construction equipment HK\$'000	Wines merchandising HK\$'000	Financial services business HK\$'000	Total HK\$'000
Segment revenue	<u>33,785</u>	<u>13,341</u>	<u>9,977</u>	<u>557</u>	<u>57,660</u>
Segment operating profit (loss)	(866)	(7,403)	361	(1,884)	(9,792)
Impairment of intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(476)</u>	<u>(476)</u>
Segment profit (loss)	<u>(866)</u>	<u>(7,403)</u>	<u>361</u>	<u>(2,360)</u>	<u>(10,268)</u>
Unallocated:					
Other income					912
Corporate administrative costs					(10,651)
Change in fair value of investment property					(800)
Finance costs					<u>(129)</u>
Loss before tax					<u>(20,936)</u>

For the year ended 31 March 2021

	Design, fitting out and engineering services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>36,823</u>	<u>8,634</u>	<u>20,552</u>	<u>798</u>	<u>66,807</u>
Segment operating profit (loss)	1,542	(3,188)	572	(2,048)	(3,122)
Impairment of intangible assets	–	–	–	(8,641)	(8,641)
Impairment of goodwill	<u>(1,867)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,867)</u>
Segment profit (loss)	<u>(325)</u>	<u>(3,188)</u>	<u>572</u>	<u>(10,689)</u>	<u>(13,630)</u>
Unallocated:					
Other income					1,187
Corporate administrative costs					(9,585)
Change in fair value of investment property					1,400
Finance costs					<u>(224)</u>
Loss before tax					<u>(20,852)</u>

Segment assets and liabilities

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

As at 31 March 2022

	Design, fitting out and engineering services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets					
Non-current assets					
Property, plant and equipment	21	22,366	–	–	22,387
Right-of-use assets	–	8,493	–	–	8,493
Intangible assets	–	–	–	4,566	4,566
	<u>21</u>	<u>30,859</u>	<u>–</u>	<u>4,566</u>	<u>35,446</u>
Current assets	<u>9,178</u>	<u>9,632</u>	<u>2,383</u>	<u>5,451</u>	<u>26,644</u>
Segment assets	<u>9,199</u>	<u>40,491</u>	<u>2,383</u>	<u>10,017</u>	<u>62,090</u>
Unallocated:					
Cash and bank balances					6,190
Others					<u>33,934</u>
Total assets per consolidated statement of financial position					<u>102,214</u>
Segment liabilities					
Non-current liabilities					
Deferred tax liabilities	–	–	–	754	754
Lease liabilities	–	4,999	–	–	4,999
	<u>–</u>	<u>4,999</u>	<u>–</u>	<u>754</u>	<u>5,753</u>
Current liabilities	<u>4,665</u>	<u>5,612</u>	<u>1,769</u>	<u>338</u>	<u>12,384</u>
Segment liabilities	<u>4,665</u>	<u>10,611</u>	<u>1,769</u>	<u>1,092</u>	<u>18,137</u>
Unallocated:					
Others					<u>11,667</u>
Total liabilities per consolidated statement of financial position					<u>29,804</u>

As at 31 March 2021

	Design, fitting out and engineering services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment 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					32,844
Total assets per 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					6,742
Total liabilities per consolidated statement of financial position					<u>26,409</u>

For the purpose of monitoring segment performance and allocating resources among 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, certain income tax payable and certain deferred tax liabilities as these liabilities are managed on a group basis.

Other segment information

For the year ended 31 March 2022

	Design, fitting out and engineering services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment of intangible assets	–	–	–	476	214	690
Allowance for (Reversal of allowance for) ECL on trade and other receivables	281	4,089	(20)	–	–	4,350
Allowance for ECL on loan and interest receivables	–	–	–	377	–	377
Allowance for ECL on contract assets	14	–	–	–	–	14
Change in fair value of an investment property	–	–	–	–	800	800
Depreciation of property, plant and equipment	13	7,734	–	–	362	8,109
Depreciation of right-of-use assets	–	3,505	–	–	3,065	6,570
Compensation gain on disposal/write-off of construction equipment	–	(1,266)	–	–	–	(1,266)
Additions to property, plant and equipment	9	648	–	–	–	657
Bank interest income	–	–	–	–	(1)	(1)
Finance costs	–	493	–	–	129	622

For the year ended 31 March 2021

	Design, fitting out and engineering services <i>HK\$'000</i>	Leasing of construction equipment <i>HK\$'000</i>	Wines merchandising <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment of intangible assets	–	–	–	8,641	41	8,682
Impairment of goodwill	1,867	–	–	–	–	1,867
(Reversal of allowance for) Allowance for ECL on trade and other receivables	(114)	97	4	–	–	(13)
Allowance for ECL on loan and interest receivables	–	–	–	252	–	252
Allowance for ECL on contract assets	26	–	–	–	–	26
Change in fair value of an investment property	–	–	–	–	(1,400)	(1,400)
Depreciation of property, plant and equipment	7	5,184	–	–	364	5,555
Depreciation of right-of-use assets	–	3,297	–	–	3,694	6,991
Compensation gain on disposal/write-off of construction equipment	–	(478)	–	–	–	(478)
Additions to property, plant and equipment	23	18,356	–	–	14	18,393
Bank interest income	–	–	–	–	(1)	(1)
Finance costs	–	904	–	–	224	1,128
	<u>–</u>	<u>904</u>	<u>–</u>	<u>–</u>	<u>224</u>	<u>1,128</u>

Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	56,333	63,775	68,296	77,235
The PRC	1,327	3,032	–	1
	<u>57,660</u>	<u>66,807</u>	<u>68,296</u>	<u>77,236</u>

Information about major customers

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ^{1,3}	N/A	21,943
Customer B ²	7,979	20,049
Customer C ^{1,4}	<u>15,756</u>	<u>N/A</u>

¹ Revenue from Design, fitting out and engineering services

² Revenue from Wines merchandising

³ The corresponding revenue in 2022 did not contribute 10% or more of the total revenue of the Group

⁴ The corresponding revenue in 2021 did not contribute 10% or more of the total revenue of the Group

6. OTHER INCOME

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income		1	1
Rental income	<i>6(a)</i>	870	834
Sundry income		81	86
Government subsidies		<u>–</u>	<u>897</u>
		<u>952</u>	<u>1,818</u>

6(a) Rental income

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross rental income from investment property	870	834
Less: Direct operating expenses (included in administrative expenses)	<u>(118)</u>	<u>(164)</u>
	<u>752</u>	<u>670</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests on:		
– lease liabilities	622	857
– unsecured other borrowings	–	271
	<u>622</u>	<u>1,128</u>

8. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current year	–	68
Deferred tax		
Current year	<u>132</u>	<u>(1,493)</u>
Income tax expense (credit) for the year	<u>132</u>	<u>(1,425)</u>

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

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

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

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

9. LOSS BEFORE TAX

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and wages included in cost of sales	2,210	1,988
Salaries and wages included in administrative expenses:		
Directors' emoluments	3,437	3,449
Salaries, wages and other benefits (excluding directors' emoluments)	6,558	6,969
Contribution to defined contribution plans (excluding directors' emoluments)	289	229
	12,494	12,635
Cost of inventories sold	13,290	21,639
Depreciation of property, plant and equipment	8,109	5,555
Depreciation of right-of-use assets	6,570	6,991
Auditor's remuneration	630	600
Compensation gain on disposal/write-off of construction equipment	(1,266)	(478)
Impairment of goodwill	–	1,867
Impairment of intangible assets	690	8,682
Lease payment under short-term leases on premises	210	186

10. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

11. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(21,068)</u>	<u>(19,427)</u>
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>note</i>)	<u>156,780</u>	<u>90,283</u>
	<i>HK\$</i>	<i>HK\$</i>
<i>Loss per share</i>		
Basic and diluted	<u>(0.1)</u>	<u>(0.2)</u>

Note: The weighted average number of shares for the year ended 31 March 2021 have been adjusted to reflect the effect of (i) share consolidation on 18 November 2020 that every ten issued existing shares be consolidated into one consolidated share; and (ii) rights issue as mentioned in note 21(a).

Since there were no potential dilutive shares in issue during the years ended 31 March 2022 and 2021, basic and diluted loss per share are the same for both years.

12. INVESTMENT PROPERTY

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fair value:		
At 1 April	27,000	25,600
Change in fair value recognised in profit or loss	<u>(800)</u>	<u>1,400</u>
At 31 March	<u>26,200</u>	<u>27,000</u>

The fair value of the Group's investment property located in Hong Kong as at 31 March 2022 has been arrived at on the basis of a valuation carried out by Peak Vision Appraisals Limited ("PVA"), an independent qualified professional valuer that not connected with the Group. PVA is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at using prevailing market rents for comparable properties in the same location and condition, expected future market rents and appropriate discount rates.

13. RIGHT-OF-USE ASSETS

	Office premises <i>HK\$'000</i>	Warehouse <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation			
Year ended 31 March 2022	3,065	3,505	6,570
Year ended 31 March 2021	3,694	3,297	6,991
Carrying amount			
As at 31 March 2022	5,426	8,493	13,919
As at 31 March 2021	2,463	10,441	12,904

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

14. GOODWILL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>2,721</u>	<u>2,721</u>
Accumulated impairment losses:		
At 1 April	2,721	854
Impairment loss recognised	<u>–</u>	<u>1,867</u>
At 31 March	<u>2,721</u>	<u>2,721</u>
Carrying amount:		
At 31 March	<u>–</u>	<u>–</u>

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

Goodwill acquired through business combination has been allocated to Financial services business segment CGU and Design, fitting out and engineering services business segment CGU (see note 5 for details of segment information). An analysis of goodwill attributable to the relevant CGUs as at 31 March 2021 and 2022 is as follows:

	Financial services business segment CGU <i>HK\$'000</i>	Design, fitting out and engineering services business segment CGU <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross amount	854	1,867	2,721
Impairment loss recognised	<u>(854)</u>	<u>(1,867)</u>	<u>(2,721)</u>
Carrying amount at 31 March 2021 and 31 March 2022	<u>–</u>	<u>–</u>	<u>–</u>

15. INTANGIBLE ASSETS

	SFO licences <i>HK\$'000</i>	Cross- boundary vehicle licence <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	18,738	1,876	20,614
Accumulated impairment losses:			
At 1 April 2020	5,055	410	5,465
Impairment loss recognised	8,641	41	8,682
At 31 March 2021 and 1 April 2021	13,696	451	14,147
Impairment loss recognised	476	214	690
At 31 March 2022	14,172	665	14,837
Carrying amount:			
At 31 March 2022	4,566	1,211	5,777
At 31 March 2021	5,042	1,425	6,467

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

SFO Licences

The SFO Licences represent intangible assets acquired as a result of a business combination during the year ended 31 March 2018. The SFO Licences have been considered to have indefinite useful lives because they are expected to contribute to the net cash flows of the Group indefinitely, and are not amortised. The carrying amount of the SFO Licences has been included in the carrying amount of Financial services business segment CGU for impairment assessment.

The Group has appointed an independent qualified professional valuer, PVA, to perform an appraisal of the recoverable amount of the SFO Licences as at 31 March 2022.

The recoverable amount of Financial services business segment CGU have been determined based on fair value less costs of disposal using the market approach, which is higher than value in use.

The recoverable amount of Financial services business segment CGU based on the fair value less costs of disposal was approximately HK\$4,566,000 (2021: HK\$5,042,000). Accordingly, having compared with the carrying amount of Financial services business segment CGU (including the carrying amount of goodwill as mentioned in note 14), impairment loss of approximately HK\$14,172,000 (2021: HK\$13,696,000) and HK\$854,000 (2021: HK\$854,000) were provided on SFO Licences and goodwill associated with Financial services business segment CGU as at 31 March 2022 respectively.

The cross-boundary vehicle licence

The cross-boundary vehicle licence was estimated as having indefinite useful life and is measured using the cost model. The cross-boundary vehicle licence has been considered to have indefinite useful life because it is expected to contribute to the net cash flows of the Group indefinitely, and is not amortised.

The Group has appointed an independent qualified professional valuer, PVA, to perform an appraisal of the recoverable amount of the cross-boundary vehicle licence as at 31 March 2022. The recoverable amount of the cross-boundary vehicle licence has been determined on the basis of value in use calculation. The value in use calculation uses cash flow projections covering a period of five years based on financial budgets approved by management by applying the average growth rate of 2.0% (2021: 2.4%) in market rental, the long-term average growth rate of 2.0% (2021: 2.4%) in market rental and a discount rate of 13.66% (2021: 12.84%). Cash inflows/outflows have been determined based on management's expectations for the market development.

The recoverable amount of the cross-boundary vehicle licence based on value in use calculation was approximately HK\$1,211,000 (2021: HK\$1,425,000). Accordingly, having compared with the carrying amount of the cross-boundary licence, impairment loss of approximately HK\$665,000 (2021: HK\$451,000) has been provided on the cross-boundary vehicle licence as at 31 March 2022.

16. LOAN AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross amounts	6,270	6,000
Less: Allowance for ECL	<u>(819)</u>	<u>(442)</u>
	<u>5,451</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 HK\$. Loan receivables are unsecured, interest-bearing at a rate of 9% (2021: 9%) per annum and matured as at 31 March 2022. The maximum exposure to credit risk at each of the reporting dates is the carrying amount of the receivables mentioned above.

17. INVENTORIES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fine and rare wines held for sale, at cost	507	565
Construction materials, at cost	580	574
	<u>1,087</u>	<u>1,139</u>

18. TRADE AND OTHER RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
From third parties		
– Sales and service income receivables and lease income receivables	19,733	15,592
Less: Loss allowance	(4,812)	(2,712)
	<u>14,921</u>	<u>12,880</u>
Other receivables		
Deposits, prepayments and advances to suppliers	1,870	3,241
Others	468	537
	<u>2,338</u>	<u>3,778</u>
Total trade and other receivables	<u><u>17,259</u></u>	<u><u>16,658</u></u>

The Group allows an average credit period ranging from 30 to 60 days (2021: 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.

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	7,967	10,559
91 to 180 days	2,403	885
181 days to 270 days	2,017	855
271 days to 365 days	1,782	320
More than 365 days	752	261
	<u>14,921</u>	<u>12,880</u>

19. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<u>5,387</u>	<u>6,469</u>
Other payables		
Deposits received	545	368
Professional fees payable in respect of rights issue, disclosable transaction and major acquisition	623	697
Staff cost payable	2,165	1,010
Accrued expenses and other payables	<u>4,209</u>	<u>3,035</u>
	<u>7,542</u>	<u>5,110</u>
Total trade and other payables	<u><u>12,929</u></u>	<u><u>11,579</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	3,473	6,143
More than 30 days but within 90 days	358	–
Over 90 days	<u>1,556</u>	<u>326</u>
	<u><u>5,387</u></u>	<u><u>6,469</u></u>

The average credit period for purchases of goods is 90 days (2021: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

20. LEASE LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current portion	6,643	5,872
Non-current portion	<u>8,717</u>	<u>7,695</u>
	<u><u>15,360</u></u>	<u><u>13,567</u></u>

21. SHARE CAPITAL

	Number of shares		Share capital	
	2022 '000	2021 '000	2022 HK\$'000	2021 HK\$'000
Issued and fully paid				
At 1 April	156,780	522,600	205,523	175,595
Share consolidation (<i>note a</i>)	–	(470,340)	–	–
Issue of new shares upon rights issue, net of transaction costs (<i>note a</i>)	–	104,520	–	29,928
	<u>–</u>	<u>104,520</u>	<u>–</u>	<u>29,928</u>
At 31 March	<u>156,780</u>	<u>156,780</u>	<u>205,523</u>	<u>205,523</u>

Note (a) 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 ended 31 March 2021 rank pari passu with the then existing shares in all respects.

22. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

Related party relationship	Nature of transaction	2022 HK\$'000	2021 HK\$'000
Hong Kong ChaoShang Group Limited ("ChaoShang"), a substantial shareholder of the Company	Rental expenses in relation to the office premises (<i>note</i>)	650	–
Related companies controlled by ChaoShang	Fitting out service income	–	(869)
	Commission income	(17)	(42)
	Agent fee in relation to the Rights Issue	–	239

Note: On 22 November 2021, the Company entered into a sub-deed of lease with ChaoShang in respect of the sub-leasing arrangement of the office premises for a term commencing from 1 December 2021 to 31 March 2025. The monthly rental fee is approximately HK\$162,000, details of which are set out in the Company's announcement dated 22 November 2021.

As at 31 March 2022, rental deposit of approximately HK\$487,000 (included in trade and other receivables) was paid to ChaoShang in respect of the sub-leasing arrangement and related lease liabilities amounted to approximately HK\$5,938,000. During the year ended 31 March 2022, the Group has made lease payment of approximately HK\$162,000 to ChaoShang.

(b) Compensation of key management personnel

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

	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and other benefits	5,946	5,926
Contributions to defined contribution plans	132	144
	<u>6,078</u>	<u>6,070</u>

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

23. CAPITAL COMMITMENTS

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:		
– Acquisition of construction equipment	<u>–</u>	<u>499</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Breakdown of revenue by types of segments is as follows:

	For the year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Design, fitting out and engineering services	33,785	36,823
Leasing of construction equipment	13,341	8,634
Sourcing and merchandising of fine and rare wines	9,977	20,552
Financial services	557	798
	<u>57,660</u>	<u>66,807</u>

Breakdown of revenue by geographical locations is as follows:

	For the year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	56,333	63,775
The PRC	1,327	3,032
	<u>57,660</u>	<u>66,807</u>

The total revenue for the year ended 31 March 2022 of the Group was approximately HK\$57.7 million (2021: HK\$66.8 million) which represents approximately HK\$9.1 million or 13.6% decrease as compared with last corresponding year.

The decrease of the Group's total revenue was mainly due to a drop in the sales of fine and rare wines from approximately HK\$20.6 million for the year ended 31 March 2021 to approximately HK\$10.0 million for the year ended 31 March 2022. The decrease was mainly due to fewer orders from the existing customers during the year as a result of the continuous measures in response to the COVID-19 pandemic such as restriction of social gathering and the operations of food and beverage facilities that affects the consumption by the end customers. The reallocation of the Group's resources which focuses on the design, fitting out and engineering services and the leasing of construction equipment businesses also attributes to such decrease.

The revenue generated from the design, fitting out and engineering services business for the year ended 31 March 2022 amounted to approximately HK\$33.8 million, representing a drop of approximately HK\$3.0 million when compared with the revenue for the year ended 31 March 2021 of approximately HK\$36.8 million.

The revenue arising from the leasing of construction equipment business was increased from approximately HK\$8.6 million for the year ended 31 March 2021 to approximately HK\$13.3 million for the year ended 31 March 2022, representing an increment of approximately HK\$4.7 million or 54.7%. 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 during the third and fourth quarters of last year.

The revenue from the provision of financial services was slightly decreased by \$0.2 million as compared with the last year, which was mainly due to the decrease in loan interest income at lower interest rate.

Gross profit for the year

For the year ended 31 March 2022, the Group recorded a gross profit of approximately HK\$9.9 million (2021: approximately HK\$11.7 million), representing a decrease of approximately 15.4%. Gross profit by types of segments is as follows:

	Gross profit for the year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Design, fitting out and engineering services	5,093	6,877
Leasing of construction equipment	3,864	3,294
Sourcing and merchandising of fine and rare wines	388	689
Financial services	557	798
	9,902	11,658

The decrease in the Group's gross profit of approximately HK\$1.8 million was mainly attributed to a drop in the gross profit from the design, fitting out and engineering services business when compared with that of the last year. Although the Group managed to maintain an overall gross profit margin at the similar level of approximately 17.2% and 17.5% respectively for the current year and the last year, there was a decrease in gross profit generated due to the fierce competition in the industry and the depressed situation of the local economy resulting from the erratic development of the COVID-19 pandemic, which in turn, led to a contraction of design and fitting out activities.

Loss for the year

During the year ended 31 March 2022, although the Group has a gross profit of approximately HK\$9.9 million (2021: HK\$11.7 million), the Group recorded a loss before tax of approximately HK\$20.9 million (2021: HK\$20.9 million), which is at the similar level of last year. Loss for the year was approximately HK\$21.1 million (2021: HK\$19.4 million). The increase in loss for the year of approximately HK\$1.7 million was mainly attributable to the recognition of a deferred tax expense of approximately HK\$0.1 million for the year while there was a deferred tax credit of approximately HK\$1.5 million for the last year.

Included in the loss for the year was allowance for ECL on trade receivables for the year amounting to approximately HK\$4.4 million, which mainly represents an impairment loss provided for the receivable from one of the leasing equipment customer which was in the process of liquidation.

Apart from the allowance for ECL on trade receivables of approximately HK\$4.4 million, there are other losses of approximately HK\$1.9 million in aggregate in relation to the decrease in fair value of investment property, impairment of intangible assets and allowance for ECL of loan and interest receivables and contract assets.

BUSINESS REVIEW AND PROSPECTS

Design, fitting out and engineering services business

During the year ended 31 March 2022, 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\$15.8 million, representing approximately 46.6% of the segment revenue for the current year. The public housing estates works was commenced since October 2020 which attributed approximately HK\$6.7 million to the Group's revenue for the year ended 31 March 2021. The said HK\$15.8 million revenue for the current year represents a growth of approximately 135.8% when compared with the corresponding revenue for the last year. 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 has successfully negotiated with the current contractor to renew the term contract and been awarded for one more public housing estate in respect of vacant flat refurbishment works and services. The Group is optimistic to secure further public housing estates works and services.

Besides, the Group continues to establish and maintain 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. However, due to the fierce industry competition and the depressed situation of the local economy resulting from the erratic development of the COVID-19 pandemic which affects the sentiment of the end customers in planning of design and fitting out activities, the contracts/projects awarded during the year were with lower contract sum when compared with last year. This accounted for a drop in the revenue for the design, fitting out and engineering services business during the year.

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.

During the current year, the Group concluded with a contractor of a public tunnel infrastructure project initially for about 21 months whereby the Group provided the scaffolding equipment for the provision of installation services. However, due to certain material revisions and amendments on the design and construction works, the Group was unable to reach agreement with the contractor and the contract was terminated in January 2022.

Apart from the termination of the project as mentioned above, due to the erratic development of the COVID-19 pandemic and the uncertainty of the local economic situation, progress of certain construction projects have been delayed, resulting with the decrease in lease out rate of the Group's scaffolding equipment during the last quarter of the year. The management has been proactively negotiating with the customers for new projects aiming to maintain the lease out rate of the scaffolding equipment. The Group is in negotiation with certain contractors to provide scaffolding equipments and expects the orders will be concluded in the near future. The scaffolding equipment will be expected to deliver to the working sites by phases starting the early second quarter of the coming year.

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 steady growth once the COVID-19 pandemic is stabilised. 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 negotiating with the existing customers for recurring orders from the customers. The Group is also exploring for new suppliers and sources of wines. The Group is proactively negotiating with the existing customers and seeking for new customers for new orders.

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 throughout the years. The Group has provided expected credit loss on the loan portfolio based on the historical information about counterparty default rate, latest status of these loans and the latest available information about the borrowers.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2022, the Group had net current assets of approximately HK\$14.0 million (2021: HK\$25.0 million), including cash and bank balances of approximately HK\$6.2 million (2021: HK\$16.7 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.7 times as at 31 March 2022 (2021: 2.4 times). The decrease in the current ratio during the year ended 31 March 2022 was mainly attributable to the decrease in cash and bank balances for financing the Group's operation during the year.

CAPITAL STRUCTURE AND GEARING

The capital structure of the Company comprised ordinary shares only. There was no movement in the share capital of the Company during the year ended 31 March 2022. Total equity attributable to owners of the Company amounted to approximately HK\$72.4 million as at 31 March 2022 (31 March 2021: HK\$93.5 million).

As at 31 March 2022, the Group's only borrowings comprised of lease liabilities of approximately HK\$15.4 million (2021: HK\$13.6 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 21.3% (2021: 14.5%). The increase in the gearing ratio during the year ended 31 March 2022 was mainly attributable to (i) the recognition of new lease liabilities as the Company entered into a sub-deed of lease in respect of the sub-leasing arrangement of the office premises and (ii) there was a drop of the shareholder's equity during the year.

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 31 March 2022 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	upto9,000	6,400	7,100
– Leasing of construction equipment business	upto2,000	1,600	2,000
– Other operating expenses	upto3,400	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>

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2022.

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 instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

CHARGES ON THE GROUP’S ASSETS

As at 31 March 2022 and 2021, the Group did not pledge any of its assets.

SIGNIFICANT ACQUISITION AND DISPOSAL

Save for the recognition of a right-of-use asset of approximately HK\$6 million in respect of the sub-leasing arrangement of the office premises, there has been no significant acquisition and disposal of assets or subsidiaries of the Group during the year ended 31 March 2022.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities.

COMMITMENTS

Details of the commitments of the Group as at 31 March 2022 are set out in note 23.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed 37 (2021: 43) employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual’s performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group’s performance as well as individual’s performance.

Total remuneration for the year ended 31 March 2022 (including emoluments and salaries to staff and Directors and MPF contributions) was approximately HK\$12.5 million (2021: HK\$12.6 million). There was no material fluctuation in the remuneration during the current year.

OTHER INFORMATION

Corporate Governance Practices

The Board considers that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to ensure that business activities and decision making processes are regulated in a proper and prudent manner. In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a remuneration committee, a nomination committee and a compliance committee with specific written terms of reference. During the year ended 31 March 2022, the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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 year 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.

Directors’ Securities Transactions

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules.

No Director has dealt in the shares of the Company during the year.

Following specific enquiry by the Company, all Directors confirmed that they have complied with such code of conduct throughout the year ended 31 March 2022.

Purchase, Sale Or Redemption Of Shares

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee, comprising three independent non-executive directors, has reviewed the financial statements of the Group for the year.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.royalcentury.hk). The annual report of the Company for the year ended 31 March 2022 containing all the information required by the GEM Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 24 June 2022

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 nonexecutive Directors are Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va.

This announcement will remain on the "Latest Listed Company Information" page of the HKEx website at www.hkex.com.hk for at least 7 days from the date of its posting and on the website of the Company at www.royalcentury.hk