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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 2024

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

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

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

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

THE FINANCIAL STATEMENTS

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Royal Century Resources Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2024, together with the comparative unaudited figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	<i>Notes</i>	For the six months ended 30 September	
		2024	2023
		<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Revenue	<i>4</i>	30,084	29,321
Cost of sales/services rendered		<u>(26,922)</u>	<u>(23,573)</u>
Gross profit		3,162	5,748
Other income	<i>5</i>	61	492
Other gains or losses, net	<i>6</i>	–	559
Reversal of allowance for expected credit loss (“ECL”) on loan and interest receivables		–	219
Allowance for ECL on trade receivables		(3,326)	(438)
(Allowance for)/reversal of allowance for ECL on contract assets		(134)	17
Administrative expenses		(4,878)	(12,390)
Finance costs	<i>7</i>	<u>(35)</u>	<u>(367)</u>

		For the six months ended 30 September	
		2024	2023
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
Loss before tax	8	(5,150)	(6,160)
Income tax expense	9	<u>(334)</u>	<u>–</u>
Loss for the period attributable to owners of the Company		<u>(5,484)</u>	<u>(6,160)</u>
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>–</u>	<u>18</u>
Total comprehensive loss for the period attributable to owners of the Company		<u>(5,484)</u>	<u>(6,142)</u>
Loss per share			
– Basic and diluted (HK\$)	10	<u>(0.02)</u>	<u>(0.04)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2024

		30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		7,001	7,712
Right-of-use assets		904	1,809
Goodwill		—	—
Intangible assets		2,460	2,460
		<u>10,365</u>	<u>11,981</u>
Current assets			
Loan and interest receivables	12	2,277	2,142
Inventories		17,189	1,102
Trade and other receivables	13	28,645	23,280
Contract assets	14(a)	19,745	6,517
Cash and bank balances		24,105	45,690
		<u>91,961</u>	<u>78,731</u>
Current liabilities			
Trade and other payables	15	24,184	13,839
Contract liabilities	14(b)	1,050	1,050
Income tax payable		447	113
Lease liabilities		962	1,902
		<u>26,643</u>	<u>16,904</u>
Net current assets		<u>65,318</u>	<u>61,827</u>
Total assets less current liabilities		<u>75,683</u>	<u>73,808</u>

		30 September	31 March
		2024	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current liabilities			
Deferred tax liabilities		<u>307</u>	<u>307</u>
NET ASSETS		<u>75,376</u>	<u>73,501</u>
Equity			
Share capital	16	248,173	240,814
Reserves		<u>(172,797)</u>	<u>(167,313)</u>
TOTAL EQUITY		<u>75,376</u>	<u>73,501</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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 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 comprising securities advisory services, securities dealing and brokerage services and asset management services and money lending.

These condensed consolidated financial statements are unaudited but have been reviewed by the audit committee and approved for issue by the Board of the Company on 29 November 2024.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2024 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 the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

These 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 2024.

The condensed consolidated financial statements have been prepared on the historical cost basis.

The condensed 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 subsidiaries.

The financial information relating to the year ended 31 March 2024 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 2024 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 2024 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. MATERIAL ACCOUNTING POLICIES AND ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)

The material accounting policies that have been used in the preparation of the Group’s condensed consolidated financial statements for the six months ended 30 September 2024 are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2024.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period. None of these new/revised HKFRSs have had a material effect on how the Group’s result and financial position for the current or prior periods have prepared or presented in the Group’s condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT INFORMATION

Revenue

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

	For the six months ended 30 September	
	2024	2023
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services income	24,348	20,409
Rental and installation services income from leasing of construction equipment	5,601	7,193
Sale of fine and rare wines	–	1,450
Interest income from money lending	135	269
	<u>30,084</u>	<u>29,321</u>
Revenue from contracts with customer within HKFRS 15:		
Revenue recognised at a point in time		
– Sale of fine and rare wines	–	1,450
Revenue recognised over time		
– Design, fitting out and engineering services income	24,348	20,409
	24,348	21,859
Revenue from other sources		
Rental income from leasing of construction equipment	5,601	7,193
Interest income from money lending	135	269
Total segment revenue	<u>30,084</u>	<u>29,321</u>

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

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. 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 and engineering and procurement of furnishings and related products services ("**Design, fitting out and engineering services**");
- (2) Leasing of construction equipment and provision of related installation services ("**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 2024

	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>24,348</u>	<u>5,601</u>	<u>–</u>	<u>135</u>	<u>30,084</u>
Segment profit/(loss)	<u>1,764</u>	<u>(4,733)</u>	<u>(38)</u>	<u>(62)</u>	<u>(3,069)</u>
Unallocated:					
Other income					27
Central administrative costs					(2,073)
Finance costs					<u>(35)</u>
Loss before tax					<u>(5,150)</u>

For the six months ended 30 September 2023

	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>20,409</u>	<u>7,193</u>	<u>1,450</u>	<u>269</u>	<u>29,321</u>
Segment (loss)/profit	<u>(2,919)</u>	<u>453</u>	<u>440</u>	<u>49</u>	(1,977)
Unallocated:					
Other income					492
Other gains or losses, net					(43)
Central administrative costs					(4,554)
Finance costs					<u>(78)</u>
Loss before tax					<u>(6,160)</u>

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

(b) Segment assets and liabilities

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

As at 30 September 2024

	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	7	6,990	–	–	6,997
Intangible assets	–	–	–	1,720	1,720
	7	6,990	–	1,720	8,717
Current assets	37,199	9,878	16,473	2,353	65,903
Segment assets	<u>37,206</u>	<u>16,868</u>	<u>16,473</u>	<u>4,073</u>	<u>74,620</u>
Unallocated:					
Cash and bank balances					24,105
Others					<u>3,601</u>
Total assets per condensed consolidated statement of financial position					<u><u>102,326</u></u>
Segment liabilities					
Non-current liabilities					
Deferred tax liabilities	–	–	–	284	284
Subtotal	–	–	–	284	284
Current liabilities	18,618	1,883	–	52	20,553
Segment liabilities	<u>18,618</u>	<u>1,883</u>	<u>–</u>	<u>336</u>	<u>20,837</u>
Unallocated:					
Others					<u>6,113</u>
Total liabilities per condensed consolidated statement of financial position					<u><u>26,950</u></u>

As at 31 March 2024

	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	5	7,702	–	–	7,707
Intangible assets	–	–	–	1,720	1,720
	5	7,702	–	1,720	9,427
Current assets	17,840	11,597	259	2,242	31,938
Segment assets	<u>17,845</u>	<u>19,299</u>	<u>259</u>	<u>3,962</u>	41,365
Unallocated:					
Cash and bank balances					45,690
Others					<u>3,657</u>
Total assets per condensed consolidated statement of financial position					<u>90,712</u>
Segment liabilities					
Non-current liabilities					
Deferred tax liabilities	–	–	–	284	284
	–	–	–	284	284
Current liabilities	6,490	522	–	77	7,089
Segment liabilities	<u>6,490</u>	<u>522</u>	<u>–</u>	<u>361</u>	7,373
Unallocated:					
Others					<u>9,838</u>
Total liabilities per condensed consolidated statement of financial position					<u>17,211</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, 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 six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	13	13
Rental income	–	456
Sundry income	48	23
	<u>61</u>	<u>492</u>

6. OTHER GAINS OR LOSSES, NET

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Compensation gain on disposal/write-off of construction equipment	–	419
Gain on derecognition of right-of-use assets	–	183
Loss on dissolution of a subsidiary	–	(43)
	<u>–</u>	<u>559</u>

7. FINANCE COSTS

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
– Lease liabilities	35	176
– Unsecured other borrowings	–	191
	<u>35</u>	<u>367</u>

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and wages included in cost of sales/services rendered	697	1,127
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)		
(Note i)	484	1,148
Salaries, wages and other benefits (excluding directors' emoluments)	888	2,516
Contribution to defined contribution plans (excluding directors) (Note ii)	33	83
	<u>2,102</u>	<u>4,874</u>
Depreciation of property, plant and equipment (Note iii)	2,846	3,308
Depreciation of right-of-use assets	905	2,864
Compensation gain on disposal/write-off of construction equipment	–	(419)
Lease payments under short-term leases on premises and warehouses	370	181
Gross rental income less outgoings arising from investment property	–	(310)

Notes:

- (i) One of the executive Directors of the Company agreed to waive the emolument of approximately HK\$835,000 for the six months ended 30 September 2024.

- (ii) For the six months ended 30 September 2024, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years (six months ended 30 September 2023: Nil).
- (iii) Depreciation of property, plant and equipment for the six months ended 30 September 2024 amounted to approximately HK\$2,844,000 (six months ended 30 September 2023: HK\$3,103,000) was included in cost of sales/services rendered.

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 six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	334	–
Deferred tax	<u>–</u>	<u>–</u>
	<u>334</u>	<u>–</u>

- (i) 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%.
- (ii) Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the BVI.
- (iii) Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits. The tax rate is 12% for both periods.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share amounts is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 221,214,857 (six months ended 30 September 2023: 156,780,000) in issue during the period.

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

Loss for the period

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(5,150)</u>	<u>(6,160)</u>

Number of shares

	For the six months ended 30 September	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>221,215</u>	<u>156,780</u>

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss per share		
Basic and dilutes	<u>(0.02)</u>	<u>(0.04)</u>

Since there were no potential dilutive shares in issue during the six months ended 30 September 2024 and 2023, basic and diluted losses 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 2024 (six months ended 30 September 2023: Nil).

12. LOAN AND INTEREST RECEIVABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Loan receivables	3,000	3,000
Interest receivables	445	310
Less: Loss allowance	(1,168)	(1,168)
	<u>2,277</u>	<u>2,142</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 at 9% (31 March 2024: 9%) per annum and have been matured as at the end of the reporting period. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

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.

The aged analysis of loan and interest receivables (net of impairment) that is not considered to be impaired is as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Past due but not impaired more than 180 days	<u>2,277</u>	<u>2,142</u>

The movements in the loss allowance for loan and interest receivables are as follows:

	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At beginning of the period/year	1,168	1,540
Allowance for ECL for the period/year, net	–	(174)
Increase in allowance for ECL for the period/year	–	575
Reversal of allowance for ECL for the period/year	–	(749)
Waiver	–	(198)
	<u>–</u>	<u>–</u>
At end of the period/year	<u>1,168</u>	<u>1,168</u>

13. TRADE AND OTHER RECEIVABLES

	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables		
From third parties	22,974	27,934
Less: Loss allowance	(1,105)	(6,643)
	<u>21,869</u>	<u>21,291</u>
Net trade receivables	21,869	21,291
Other receivables		
Deposits and prepayment	2,137	1,009
Advance to suppliers and sub-contractors	4,569	835
Others	70	145
	<u>6,776</u>	<u>1,989</u>
Total trade and other receivables	<u>28,645</u>	<u>23,280</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	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 90 days	7,993	16,004
91 days to 180 days	708	583
181 days to 270 days	10,980	518
271 days to 365 days	810	456
More than 365 days	1,378	3,730
	21,869	21,291

The movements in the loss allowance for trade receivables are as follows:

	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
At the beginning of the period/year	6,643	6,484
Allowance for ECL for the period/year, net	3,326	332
Amount written off as uncollectible	(8,864)	(173)
At the end of the period/year	1,105	6,643

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Unbilled revenue in respect of provision of design, fitting out, engineering and procurement of furnishings and related products services	19,945	6,583
Less: Loss allowance	(200)	(66)
	<u>19,745</u>	<u>6,517</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.

The movements in the loss allowance for contract assets are as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
At beginning of the period/year	66	21
Allowance for ECL for the period/year, net	134	45
At end of the period/year	<u>200</u>	<u>66</u>

(b) Contract liabilities

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Provision of design, fitting out, engineering and procurement of furnishings and related products services	<u>1,050</u>	<u>1,050</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.

15. TRADE AND OTHER PAYABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade payables	<u>16,234</u>	<u>4,766</u>
Other payables		
Deposit received	1,259	472
Accrued expenses and other payables	<u>6,691</u>	<u>8,601</u>
	<u>7,950</u>	<u>9,073</u>
Total trade and other payables	<u>24,184</u>	<u>13,839</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 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within 30 days	11,531	1,495
More than 30 days but within 90 days	3,562	1,403
More than 90 days	1,141	1,868
	16,234	4,766

16. SHARE CAPITAL

Details of the movements of share capital are as follows:

	Number of shares '000	Amounts HK\$'000
Authorised:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	N/A	N/A
Issued and fully paid:		
At 1 April 2023	156,780	205,523
Share consolidation	(125,424)	–
Rights issue	156,780	36,059
Shares issued expenses	–	(768)
At 31 March 2024 and 1 April 2024	188,136	240,814
Issue of shares under specific mandate (<i>Note</i>)	37,627	7,563
Shares issued expenses	–	(204)
At 30 September 2024	225,763	248,173

Note: The Company issued 37,627,200 ordinary shares to independent third parties at a subscription price of HK\$0.201 in April 2024 under specific mandate.

17. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at the end of the reporting period.

18. 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:

Related party relationship	Nature of transaction	For the six months ended	
		30 September	
		2024	2023
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Modern Innovative Digital Technology Company Limited (formerly known as Hong Kong ChaoShang Group Limited (“ChaoShang”)), the former substantial shareholder of the Company	Rental expenses in relation to the office premise (<i>Note</i>)	N/A	975

Note: With reference to the Company announcement dated 1 February 2024 and 2 February 2024, ChaoShang has ceased to be a substantial shareholder of the Company. The Company leases an office premise from ChaoShang. The rental expenses were charged based on the sub-deed of lease signed between the parties. As at 30 September 2024, rental deposit of approximately HK\$487,000 (31 March 2024: HK\$487,000) (included in trade and other receivables) was paid to ChaoShang in respect of the sub-deed of lease and related right-of-use assets and lease liabilities are approximately HK\$904,000 (31 March 2024: HK\$1,809,000) and HK\$962,000 (31 March 2024: HK\$1,902,000) respectively.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the six months ended 30 September 2024 and 2023 is as follows:

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Salaries, allowances and other benefits	470	2,075
Contributions to retirement benefits scheme	14	42
	<u>484</u>	<u>2,117</u>

19. COMPARATIVE FIGURES

Certain comparative financial information has been reclassified in order to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group recorded a total revenue for the six months ended 30 September 2024 of approximately HK\$30.1 million (six months ended 30 September 2023: HK\$29.3 million), representing an increase of approximately HK\$0.8 million as compared with the last corresponding period.

Breakdown of revenue by segments is as follows:

	For the six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services	24,348	20,409
Leasing of construction equipment	5,601	7,193
Wine merchandising	–	1,450
Financial services business	135	269
	<u>30,084</u>	<u>29,321</u>

During the six months ended 30 September 2024, the Group has no material changes in its operations.

The revenue generated from the design, fitting out and engineering services business has increased by approximately HK\$3.9 million, and the income from the leasing of construction equipment business has decreased by approximately HK\$1.6 million, whilst the Wine merchandising business has decreased by approximately HK\$1.5 million, leaving the Group's revenue to increase by approximately HK\$0.8 million:

- (1) The increase in revenue generated from the design, fitting out and engineering services was mainly due to the increase in the number of works attributable to the increase in contract sum of construction contracts being awarded from public and private sector projects during the period.
- (2) The decrease in revenue from the leasing of construction equipment was mainly due to certain projects close to their final phase, which has resulted in a reduced scope of work to be undertaken and lead to the decrease in the lease out rate during the period.

- (3) The decrease in revenue generated from the wine merchandising business was mainly due to the decrease in orders from existing customers and the reallocation of the Group's resources from the wine merchandising business to the design, fitting out and engineering services business during the period.

Gross profit

For the six months ended 30 September 2024, the Group recorded a gross profit of approximately HK\$3.2 million (six months ended 30 September 2023: HK\$5.7 million) representing a decrease of approximately HK\$2.5 million as compared with the last corresponding period.

The gross profit of the Group by segments is as follows:

	Gross profit for the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Design, fitting out and engineering services	3,154	1,178
Leasing of construction equipment	(127)	3,879
Wine merchandising	–	423
Financial services business	135	269
	<u>3,162</u>	<u>5,749</u>

Compared with the gross profit of the Group from the last corresponding period, the decrease in the Group's gross profit for the six months ended 30 September 2024 of approximately HK\$2.5 million was mainly due to the decrease in the gross profit of the leasing of construction equipment attributable to the decrease in lease out rate of the scaffolding equipment as mentioned above and the rising costs of labor, together with the price competition continues to post challenges on the operation which adversely affecting the gross profit margin during the period.

Meanwhile, the increase in the gross profit of the design, fitting out and engineering services of approximately HK\$2.0 million was mainly due to the increase in revenue attributable to the increase in contract sum of construction contracts being awarded from public and private sector projects.

Allowance for expected credit loss on trade receivables

During the period, the Board acknowledge the liquidity issue and financial conditions regarding certain customers and the construction industry as a whole. Considering the recent repayment trends and the rise in payment delays, additional expected credit losses on long-aged trade receivables of HK\$3.3 million is recognised during the period. This adjustment reflects the deterioration in credit risk and the uncertainty of the construction industry.

Loss for the period

During the six months ended 30 September 2024, the Group recorded a loss for the period of approximately HK\$5.5 million (six months ended 30 September 2023: HK\$6.2 million).

The decrease in the Group's loss for the period was resulting from the decrease in administrative expenses due to the effective cost control in administration and operations.

BUSINESS REVIEW AND PROSPECTS

Design, fitting out and engineering services business

The Group is expected to reduce the scale of the public housing maintenance, improvement and vacant flat refurbishment works and services and is currently reformulating the mix of the design, fitting out and engineering services business and redistributing its resources to seek for other projects to sustain the Group's design, fitting out and engineering services business.

It is the Group's strategy to develop business relationship with the existing contractors and customers to coordinate and negotiate for further works and services as well as for introducing new contractor(s) and customer(s). The Group expects such exploration and development will further broaden and strengthen the income stream and the sustainability of the Group's design, fitting out and engineering services business.

Leasing of construction equipment business

The revenue from the leasing of construction equipment business has been decreased during the six months ended 30 September 2024 due to the decrease in lease out rate of the Group's scaffolding equipment as mentioned above.

The Group has been making effort in fostering and maintaining the business relationship and cooperations with the existing customers in order to have recurring orders from the existing customers. The Group is also coordinating with the existing customers for the introduction of new customers in order to broaden the customer base of the Group and for the steady development and sustainable operation of the leasing of scaffolding equipment.

Wine merchandising business

The Group would continue to negotiate with the existing customers for the sale of fine and rare wines and seek for potential customers. The Group would carry out the wine merchandising business at a moderate level.

Financial services business

The provision of financial services business comprises securities business and money lending business.

Securities business

The Group is engaged in the securities business through its wholly owned subsidiary, which is a licensed corporation regulated by the Securities and Futures Commission of Hong Kong.

The Group continues to carry out the securities business at a prudent management approach due to economic uncertainties and local stock market volatility.

Money lending business

The money lending business focuses on potential corporate or personal borrowers including well established business and wealthy and reputable individuals ranged from executives, businessmen and professionals. The potential borrower(s) are generally induced through (i) the management team of the Group; (ii) direct approaches from potential borrowers; and (iii) referral from existing borrower(s). The Group adopts a prudent approach to carry out the money lending business with sourcing of its funds from internally generated cash resources.

Before granting loans to potential borrower(s), the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

As at 30 September 2024, the loan portfolio consisted of one unsecured loan with principal amount of HK\$3 million. The borrower, and his ultimate beneficial owner (if applicable), of the outstanding loan is independent third party of the Group. The loan was made in prior year which are unsecured, interest-bearing at 9% per annum and has been matured for repayment.

The Group has established its money lending policies/manuals (the “**Manuals**”), including the procedures in relation to the implementation of Anti Money Laundering and Counter-Terrorist Financing System and credit assessment procedure to regulate the money lending business operation to ensure a comprehensive risk management so as to safeguard the Group’s and, most importantly, the shareholders’ interest.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval. The Manuals has set out, among others, (i) a list of documents and information required for each loan application; (ii) the general framework of the credit assessment process including but not limited to the factors to be considered such as the applicant’s background, financial and repayment abilities, credit worthiness and intended use of the loan; and (iii) the approval authorisation for each type of loan application.

Credit approval process

The following is a summary of the general guidelines of assessing loan applications by the management team (the “**Management Team**”) of the money lending business:

- (A) Identity proof – identity card and passport from individuals and business registration certificate, certificate of incorporation and the constitutional documents from corporate entities must be provided for verification;
- (B) Address proof – utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body is required to be produced;
- (C) Repayment ability assessment – to assess the repayment ability of each borrower, in addition to the background search, the Management Team checks the availability of guarantor, where applicable, past payment record and any other available information to evaluate the repayment ability of the borrower(s); and
- (D) Credit worthiness assessment – Searches and background checks would be conducted upon potential clients such as bankruptcy or winding up search and litigation search; background search and media searches.

Based on the above procedures, the Group considers that the credit risk and the risk of breaching the relevant laws and regulations in connection with anti-money laundering or anti-terrorist financing are relatively low. Nonetheless, the Group has in place all necessary measures to mitigate the risk of money laundering or terrorist financing risk of potential borrowers' businesses, such as the nature and details of the business/occupation/employment of the potential borrower; the anticipated level and nature of the activity; location of potential borrower; the expected source and origin of the funds; and the initial and ongoing source(s) of wealth or income.

All loans being granted should be approved, on a case-by-case basis including a set of standardised know-your-customer procedures and due diligence process. During the process, the management team of the money lending business should obtain and verify the income proof/cash flow proof of the applicant, and if securities/collateral involved, the asset proof.

After credit assessment and review of the loan applications, with the loan terms determined (having taken into consideration factors such as the credit risks of the borrowers, their recoverability and the prevalent market interest rates), loan documents will be prepared by the Management Team and the loans will be recommended for the review of the director(s) of the money lending business prior to reporting to the Board or approval (as the case may be). The director(s) of the money lending business, will be responsible for the approval of loans in relatively smaller amount, and reporting the same to the Board.

The Management Team would report the potential loan(s) to the Company and the Board for the consideration by its members, if it is of larger amount (i.e. by assessment of size tests under Chapter 19 of the GEM Listing Rules, may constitute a discloseable transaction or above), in which case, such potential loan(s) shall be reported by the director(s) of the money lending business who will elaborate to the Board such potential loan(s) in contemplation and the recommendations therewith for discussion and approval, the Directors (including the independent non-executive Directors) shall then consider whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Moreover, for any potential loan(s) which may involve connected person(s) as defined under Chapter 20 of the GEM Listing Rules, such loan(s) will be reported to the Board immediately for assessment with respect to size tests and assessment by the Board as elaborated above.

The Manuals further provide the guideline for dealing with loan and interest repayment of default. Generally, the designated officer of the money lending business shall first remind the borrower prior to the due date of the loan. Should the borrower fail to repay the loan and interests promptly, the Manuals set out the loan collection procedure to monitor the recoverability of the loan on an ongoing basis.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2024, the Group financed its operations by its internal resources. As at 30 September 2024, the Group had net current assets of approximately HK\$65.3 million (31 March 2024: HK\$61.8 million), including cash and bank balances of approximately HK\$24.1 million (31 March 2024: HK\$45.7 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.5 times as at 30 September 2024 (31 March 2024: 4.7 times).

CAPITAL STRUCTURE AND GEARING

The capital of the Group comprised only ordinary shares. Details of the movements in the share capital of the Company during the period are set out in note 16 to the unaudited condensed consolidated financial statements. Total equity attributable to owners of the Company amounted to approximately HK\$75.4 million as at 30 September 2024 (31 March 2024: HK\$73.5 million).

As at 30 September 2024, the Group's borrowings comprised of lease liabilities of approximately HK\$1.0 million (31 March 2024: HK\$1.9 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was approximately 1.3% (31 March 2024: 2.6%).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024.

FOREIGN EXCHANGE EXPOSURE

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

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 2024 and 31 March 2024, the Group did not have any of its assets pledged.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities.

COMMITMENTS

The Group did not have any significant commitments as at 30 September 2024.

SIGNIFICANT ACQUISITION AND DISPOSAL

There has been no significant acquisition and disposal of subsidiaries or assets of the Group during the six months ended 30 September 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2024, the Group employed 15 (30 September 2023: 25) 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 2024 (including emoluments and salaries to staff and Directors and MPF contributions) was approximately HK\$2.1 million (six months ended 30 September 2023: HK\$4.9 million).

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the six months ended 30 September 2024 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 2024.

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 2024. 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 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2024, 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 2024.

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 2024, the Company has maintained the public float required by the GEM Listing Rules.

USE OF PROCEEDS FROM RIGHTS ISSUE

As announced by the Company on 15 September 2023, among other things, the Company proposed (i) to implement a share consolidation (the “**Share Consolidation**”) on the basis that every five issued existing shares of the Company be consolidated into one consolidated share (the “**Consolidated Share**”) and (ii) to raise approximately HK\$36 million before expenses by way of a rights issue (the “**Rights Issue**”) of 156,780,000 rights shares (the “**Rights Shares**”) at a subscription price of HK\$0.23 per Rights Share on the basis of five Rights Shares for every one Consolidated Share held by the qualifying shareholders on the record date.

The net proceeds of the Rights Issue of approximately HK\$35 million will be used for (i) HK\$20 million (representing 57% of the net proceeds) for the development and expansion of the securities business under the financial services business; (ii) HK\$10 million (representing 29% of the net proceeds) as working capital for the design, fitting out and engineering services business and the leasing of construction equipment business to accommodate the anticipated increase in demand for these two business segments; and (iii) HK\$5 million (representing 14% of the net proceeds) for general corporate and administrative expenses.

The Share Consolidation and the Rights Issue were approved by the independent shareholders at an extraordinary general meeting convened by the Company on 1 November 2023 and were completed on 13 December 2023.

As at 30 September 2024, the net proceeds from the Rights Issue had been applied as follows:

		Net Proceeds Utilised during the six months ended 30 September 2024	Unutilised	Estimate schedule
	Planned (HK\$'000)	(HK\$'000)	(HK\$'000)	(Note)
Development and expansion of the securities business	20,116	(866)	19,250	2025
Working capital for the engineering business and the leasing business	10,234	(10,234)	–	N/A
General corporate and administrative expenses	4,941	(4,941)	–	N/A
	<u>35,291</u>	<u>(16,041)</u>	<u>19,250</u>	

Note: The estimated schedule for utilising the remaining proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

As stated in the Company's announcement dated 17 January 2024 and the circular date 20 February 2024, the Company and the placing agent entered into the placing agreements (the “**Placing Agreement**”) pursuant to which the Company conditionally agreed to issue up to 37,627,200 Shares (the “**Placing Shares**”), and the placing agent conditionally agreed, on a best effort basis, to procure the placees to subscribe for the Placing Shares at HK\$0.201 per Placing Share (the “**Placing Price**”) and on the terms and subject to the conditions set out in the placing agreement (the “**Placing**”).

The Placing Shares will be allotted and issued pursuant to the specific mandate and will be allotted to not less than six placees. The Placing was approved by the independent shareholders at an extraordinary general meeting convened by the Company on 6 March 2024. The conditions of the Placing have been fulfilled and completion took place on 23 April 2024. All the Placing Shares have been successfully placed by the placing agent to not less than six placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement.

The net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are approximately HK\$7.4 million, which will be used for the purpose as set out in the Company's announcement dated 17 January 2024 and the circular date 20 February 2024. As at 30 September 2024, the net proceeds from the Placing was fully utilised.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2024, the Company has complied with the CG Code as set out in Appendix C1 to the GEM Listing Rules except for the following deviations 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.
- Code provision C.2 stipulated that there are certain roles and responsibilities to be carried out by the chairman of the Company. Due to the vacancy of the chairman of the Company following the resignation of Mr. Chau Chi Yuen as a chairman on 29 February 2024, such roles are delegated to the executive Directors except the roles and responsibilities as stated in code provision C.2.7 of the CG Code.
- Code provision C.6.3 stipulates that the company secretary should report to the chairman of the Board and/or the chief executive officer. As the positions of the chairman of the Board and the chief executive officer have been vacant, the company secretary reports to the executive Directors of the Company since the resignation of Mr. Chan Chi Yuen as a chairman on 29 February 2024.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive Directors and is chaired by Ms. Tsang Hau Wai. The other members are Mr. Li Ka Chun Gordon and Ms. Chan Wai Yan. 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 2024 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.

CHANGE OF DIRECTORS’ INFORMATION

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed hereunder, there is no change in the information of the Directors required to be disclosed pursuant to 17.50A (1) of the GEM Listing Rules since the Company’s last published annual report.

Changes in Directors’ positions held with the Company:

Directors

Changes in Positions held with the Company

Ms. Ma Man Chi

Appointed as an executive director with effect from 19 July 2024.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.royalcentury.hk). The interim report for the six months ended 30 September 2024 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

Law Hok Yu

Executive Director and Company Secretary

Hong Kong, 29 November 2024

As at the date of this announcement, the executive Directors are Ms. Miao Xianliu, Mr. Law Hok Yu, Ms. Ma Man Chi and Mr. Wang Jun; and the independent non-executive Directors are Ms. Tsang Hau Wai, Mr. Li Ka Chun Gordon and Ms. Chan Wai Yan.