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New Century Group Hong Kong Limited

新 世 紀 集 團 香 港 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 234)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "Board") of New Century Group Hong Kong Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
REVENUE	4	**99,754**	202,055
Cost of services provided		**(20,303)**	(24,951)
Gross profit		**79,451**	177,104
Other income and gains	4	**12,399**	3,351
Administrative expenses		**(37,218)**	(25,904)
Foreign exchange differences, net		**(10,990)**	9,237
Surplus/(deficit) on revaluation of cruise ships, net		**2,672**	(78)
Fair value gains on investment properties		**7,554**	35,634
Gain on disposal of a subsidiary		**3,652**	–
Finance costs		**(593)**	(725)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

Year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
PROFIT BEFORE TAX	5	**56,927**	198,619
Income tax expense	6	**(16,016)**	(2,107)
PROFIT FOR THE YEAR		**40,911**	196,512
Attributable to:			
Owners of the Company		**18,889**	148,611
Non-controlling interests		**22,022**	47,901
		40,911	196,512
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK0.33 cents**	HK2.57 cents
Diluted		**HK0.33 cents**	HK2.57 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	2019 *HK$'000*	2018 *HK$'000*
PROFIT FOR THE YEAR	**40,911**	196,512
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(12,299)**	26,800
Reclassification adjustment for a foreign operation disposed of during the year	**1,441**	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(10,858)**	26,800
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Surplus/(deficit) on revaluation of cruise ships, net	**8,576**	(11,011)
Changes in fair value of equity investment designated at fair value through other comprehensive income	**(453)**	–
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**8,123**	(11,011)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(2,735)**	15,789
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**38,176**	212,301
Attributable to:		
Owners of the Company	**15,204**	162,177
Non-controlling interests	**22,972**	50,124
	38,176	212,301

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**372,440**	283,438
Investment properties		**555,760**	676,424
Available-for-sale investment		**–**	780
Equity investment designated at fair value through other comprehensive income		**1,552**	–
Prepayments	10	**3,510**	–
Total non-current assets		**933,262**	960,642
CURRENT ASSETS			
Trade receivables	9	**58,290**	32,829
Derivative financial instruments		**–**	107
Prepayments, deposits and other receivables	10	**3,035**	8,616
Equity investments at fair value through profit or loss		**27,984**	139,154
Tax recoverable		**70**	10
Cash and cash equivalents		**855,173**	793,767
Total current assets		**944,552**	974,483
CURRENT LIABILITIES			
Derivative financial instruments		**–**	3,291
Interest-bearing bank and other borrowings		**–**	1,574
Accruals, other payables and deposits received	11	**19,083**	23,444
Tax payable		**77**	804
Due to a related company		**4**	9
Loan advanced from a non-controlling shareholder of the Group's subsidiary		**131,823**	–
Total current liabilities		**150,987**	29,122
NET CURRENT ASSETS		**793,565**	945,361
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,726,827**	1,906,003

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
31 March 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**–**	21,863
Loan advanced from a non-controlling shareholder of the Group's subsidiary		**–**	171,823
Deposits received	11	**3,338**	3,999
Deferred tax liabilities		**19,519**	3,749
Total non-current liabilities		**22,857**	201,434
Net assets		**1,703,970**	1,704,569
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**14,451**	14,451
Reserves		**1,638,648**	1,622,219
		1,653,099	1,636,670
Non-controlling interests		**50,871**	67,899
Total equity		**1,703,970**	1,704,569

Notes:

1. BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for cruise ships, investment properties, equity investments at fair value through profit or loss, equity investment designated at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customer*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, the adoption of the above new and revised standards has had no significant financial effect on the financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bring together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position.

A reconciliation between the changes in carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

		HKAS 39 measurement				HKFRS 9 measurement	
		Category	Amount	Re-classification	Re-measurement	Amount	Category
	Note		*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets							
Equity investment designated at fair value through other comprehensive income		N/A	–	780	1,225	2,005	FVOCI[1] (equity)
From: Available-for-sale investment	(i)			780			
Available-for-sale investment		AFS[2]	780	(780)	–	–	N/A
To: Equity investment designated at fair value through other comprehensive income	(i)			(780)			
Trade receivables		L&R[3]	32,829	–	–	32,829	AC[4]
Derivative financial instruments		FVPL[5]	107	–	–	107	FVPL (mandatory)
Financial assets included in deposits and other receivables		L&R	7,686	–	–	7,686	AC
Equity investments at fair value through profit or loss		FVPL	139,154	–	–	139,154	FVPL (mandatory)
Cash and cash equivalents		L&R	793,767	–	–	793,767	AC
			974,323	–	1,225	975,548	

There is no impact on the Group's accounting for financial liabilities. The Group's financial liabilities previously carried at amortised costs and fair value through profit or loss remained to be measured at amortised cost and fair value through profit or loss under HKFRS 9, respectively.

1 FVOCI: Financial assets at fair value through other comprehensive income
2 AFS: Available-for-sale investment
3 L&R: Loans and receivables
4 AC: Financial assets at amortised cost
5 FVPL: Financial assets at fair value through profit or loss

Note:

(i) The Group has elected the option to irrevocably designate its previous available-for-sale equity investment as equity investment at fair value through other comprehensive income.

Impact on reserves

The impact of transition to HKFRS 9 on reserves is as follows:

	Fair value reserve *HK$'000*
Fair value reserve under HKFRS 9	
Balance as at 31 March 2018 under HKAS 39	–
Remeasurement of equity investment designated at fair value through other comprehensive income previously measured at cost under HKAS 39	1,225
Balance as at 1 April 2018 under HKFRS 9	1,225

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their businesses and services and has three reportable operating segments as follows:

(a) the cruise ship charter services segment engages in the provision of chartering services of cruise ships;

(b) the property investments segment invests in prime office space and commercial shops for their rental income potential; and

(c) the securities trading segment engages in the trading of marketable securities for short-term investment purposes.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, gain on disposal of a subsidiary, dividend income from equity investment at fair value through other comprehensive income as well as corporate income and expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, tax recoverable and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, a loan advanced from a non-controlling shareholder of the Group's subsidiary, amount due to a related company, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

There were no intersegment sales and transfers during the year (2018: Nil).

	Cruise ship charter services		Property investments		Securities trading		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue: (note 4)								
Income from external customers	**79,011**	106,390	**20,256**	21,635	**487**	74,030	**99,754**	202,055
Other income and gains	**–**	–	**40**	29	**–**	–	**40**	29
Total revenue and other income	**79,011**	106,390	**20,296**	21,664	**487**	74,030	**99,794**	202,084
Segment results	**51,293**	84,129	**24,237**	52,366	**(3,379)**	77,157	**72,151**	213,652
Reconciliation:								
Interest income							**11,955**	3,262
Dividend income from equity investment at fair value through other comprehensive income							**404**	–
Unallocated income and gains							**–**	3,347
Gain on disposal of a subsidiary							**3,652**	–
Corporate and other unallocated expenses							**(30,642)**	(20,917)
Finance costs							**(593)**	(725)
Profit before tax							**56,927**	198,619

	Cruise ship charter services		Property investments		Securities trading		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**233,220**	277,375	**561,028**	677,446	**85,032**	163,557	**879,280**	1,118,378
Reconciliation:								
Corporate and other unallocated assets							**998,534**	816,747
Total assets							**1,877,814**	1,935,125
Segment liabilities	**13,948**	20,160	**5,477**	5,550	**1,114**	3,291	**20,539**	29,001
Reconciliation:								
Corporate and other unallocated liabilities							**153,305**	201,555
Total liabilities							**173,844**	230,556
Other segment information:								
Depreciation	**20,303**	24,951	**–**	–	**–**	–	**20,303**	24,951
Fair value gains on investment properties, net	**–**	–	**(7,554)**	(35,634)	**–**	–	**(7,554)**	(35,634)
Deficit/(surplus) on revaluation of cruise ships, net	**(11,248)**	11,089	**–**	–	**–**	–	**(11,248)**	11,089
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	**–**	–	**–**	–	**6,450**	(63,015)	**6,450**	(63,015)
Fair value losses/(gains) on derivative financial instruments, net	**–**	–	**–**	–	**(3,184)**	2,504	**(3,184)**	2,504
Capital expenditure*	**–**	23,303	**–**	–	**–**	–	**–**	23,303

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

(a) Revenue, other income and gains from external customers

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**14,058**	75,081
Southeast Asia except Hong Kong	**85,736**	127,003
	99,794	202,084

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**559,530**	554,678
Southeast Asia except Hong Kong	**372,180**	405,184
	931,710	959,862

The non-current asset information above is based on the locations of the assets and excludes equity investment designated at fair value through other comprehensive income (2018: available-for-sale investment).

Information about a major customer

Revenue from a customer of the corresponding years amounting to over 10% of the total revenue of the Group is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A[1]	**74,937**	89,907

[1] Revenue from the provision of cruise ship charter services

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents cruise ship charter service income, gross rental income from investment properties, fair value gains/losses on equity investments at fair value through profit or loss, fair value gains/losses on derivative financial instruments and dividend income from equity investments at fair value through profit or loss during the year.

An analysis of revenue and other income and gains is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Cruise ship charter service income	**79,011**	106,390
Gross rental income from investment properties	**20,256**	21,635
Fair value gains/(losses) on equity investments at fair value through profit or loss – held for trading, net	**(6,450)**	63,015
Fair value gains/(losses) on derivative financial instruments – transactions not qualifying as hedges, net	**3,184**	(2,504)
Dividend income from equity investments at fair value through profit or loss – held for trading	**3,753**	13,519
	99,754	202,055
Other income and gains		
Bank interest income	**11,955**	3,262
Dividend income from equity investment at fair value through other comprehensive income	**404**	–
Others	**40**	89
	12,399	3,351

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2019 *HK$'000*	2018 *HK$'000*
Depreciation	**25,396**	26,025
Auditor's remuneration	**1,500**	1,435
Employee benefit expense (including directors' remuneration):		
Salaries and allowances	**13,937**	15,006
Pension scheme contributions	**649**	459
Total staff costs	**14,586**	15,465
Minimum lease payments under operating leases	**252**	144
Foreign exchange differences, net	**10,990**	(9,237)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**2,551**	2,623
Fair value gains on investment properties, net	**(7,554)**	(35,634)
Loss on disposal of items of property, plant and equipment	**–**	144
Gain on disposal of a subsidiary	**3,652**	–

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2019 *HK$'000*	2018 *HK$'000*
Current – Hong Kong		
Charge for the year	**167**	1,450
Underprovision/(overprovision) in prior years	**2**	(20)
Current – Elsewhere		
Charge for the year	**77**	43
Overprovision in prior years	**–**	(4)
Deferred	**15,770**	638
Total tax charge for the year	**16,016**	2,107

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 5,780,368,705 (2018: 5,780,368,705) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2019 and 2018 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of the basic and diluted earnings per share are based on:

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	**18,889**	148,611

	2019	2018
Shares		
Number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculations	**5,780,368,705**	5,780,368,705

8. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Proposed final – HK0.3 cents (2018: Nil) per ordinary share	**17,341**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**58,290**	32,829

The Group's billing terms with customers are mainly on credit. Invoices are normally payable within 30 days of issuance. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. The main type of collateral held by the Group as security is deposits received from tenants and charterers with an aggregate value of HK$18,319,000 (2018: HK$21,857,000). Except for trade receivables of HK$57,048,000 (2018: HK$24,296,000) which bear interest at fixed rates, the trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**57,783**	30,645
1 to 2 months	**507**	2,184
	58,290	32,829

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**4,498**	930
Deposits and other receivables	**2,047**	7,686
	6,545	8,616
Less: Non-current portion	**(3,510)**	–
Current portion	**3,035**	8,616

None of the above assets is either past due or impaired and there was no recent history of default.

Deposits and other receivables mainly represented rental and management fee deposits. Where applicable, an impairment analysis is performed at each reporting date by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The expected credit losses for the Group's deposits and other receivable are minimal.

11. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	2019	2018
	HK$'000	*HK$'000*
Accruals	**1,978**	1,684
Other payables and deposits received	**20,443**	25,759
	22,421	27,443
Portion classified as non-current liabilities	**(3,338)**	(3,999)
Current portion	**19,083**	23,444

The other payables are non-interest-bearing and are normally settled on 90-day terms.

CHAIRMAN'S STATEMENT

On behalf of New Century Group Hong Kong Limited (the "Company"), I am pleased to present to the shareholders the annual results of the Company and its subsidiaries ("New Century" or the "Group") for the year ended 31 March 2019 (the "Year").

Business Review

Global economy remains cloudy with ongoing uncertainties regarding the United States and China trade tensions, the next interest rate move, as well as the Britain's exit from the European Union. Among which, the rise of trade protectionism has undermined investors' confidence and triggers turbulence in global financial markets. Hong Kong is one of the core markets adversely affected by such huge volatilities. Meanwhile, the market sentiment continues to deteriorate recently amid fears over social stability sparked by the controversial extradition bill amendment in Hong Kong. Though local property market is yet to experience significant impact, the Group is still facing an extremely difficult period and is, from time to time, reviewing its business model and strategy with cautious, in order to secure our revenue as well as to capture opportunities from the volatile market.

The Group's revenue decreased year-on-year by 50.6% to HK$99,754,000. Profit attributable to owners of the Company dropped year-on-year by 87.3% to HK$18,889,000. Earnings per share came to HK0.33 cents for the Year.

The charter services of our three cruise ships namely as "Amusement World", "Leisure World" and "Aegean Paradise" recorded revenue of HK$79,011,000 for the Year. During the Year, Amusement World ceased operations from 2 July 2018, and was subsequently disposed by the Group on 31 August 2018. The Group also entered into new two-year term charter agreements with lower daily charter fees for Leisure World and Aegean Paradise, resulting in a drop in segment profit during the Year.

Income from investment properties was HK$20,256,000. Rental income from Singapore properties recorded a slight increase due to an improvement in occupancy rates. However, rental income from Hong Kong properties fell due to a change of its usage for part of the office units at Shun Tak Centre from investment properties to owner-occupied properties following the expiration of the relevant tenancy agreement on 30 April 2018. Overall investment properties in both Hong Kong and Singapore achieved excellent occupancy rates of 100% with an average annual rental yield of 3.2%.

Given the volatility in global financial and stock markets, the Group has reduced securities trading operations since the second half of 2017, which led to a revenue plunge in securities trading segment but exchanged for a stronger financial position, during the Year. The Group will closely monitor capital markets and adjust its securities portfolio in a prudent manner in order to maximise returns.

Prospects

Looking forward, the growth momentum of global economy is expected to slow down with intensified trade protectionism, escalated the United States and China trade tension and frequent financial market fluctuation. The Group will promptly and flexibly respond to the ever-changing market landscape by taking a prudent approach. The Group will leverage its years of experience and expertise to strengthen the management, budget control and business structures, so as to maximize synergies among different business segments and enhance brand image. The Group will also proactively look for expansion opportunity in order to create substantial returns for shareholders.

On behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors, business partners and clients for their continuous trust and support to the Group. I would also like to thank all staff for their contribution and dedication in the past year.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the Year, the Group recorded revenue of HK$99,754,000 and profit attributable to owners of the Company of HK$18,889,000 compared to revenue and profit attributable to owners of the Company of HK$202,055,000 and HK$148,611,000 last year, representing a decrease of 50.6% and 87.3%, respectively. Earnings per share came to HK0.33 cents (2018: HK2.57 cents).

Revenue

The Group's revenue decreased 50.6% year-on-year to HK$99,754,000 for the Year, (2018: HK$202,055,000). The fall was mainly attributable to (i) net realized and unrealized losses of HK$6,450,000 on equity investments at fair value through profit or loss (2018: net realized and unrealized gains of HK$63,015,000); and (ii) a decrease in charter service income from HK$106,390,000 last year to HK$79,011,000 this year.

Cost of services provided

Cost of services provided, which was cruise ship depreciation, amounted to HK$20,303,000 for the Year, recording a decrease of 18.6% compared to HK$24,951,000 last year. This was due to the disposal on 31 August 2018, of an indirect non-wholly owned subsidiary of the Company, which held 100% beneficial ownership in the cruise ship – Amusement World.

Other income and gains

Other income and gains totalled HK$12,399,000 for the Year, representing an increase of 270.0% compared to HK$3,351,000 last year. This was mainly due to an increase in bank interest income.

Administrative expenses

Administrative expenses were HK$37,218,000 for the Year, up 43.7% compared with HK$25,904,000 last year. This rise was mainly attributable to (i) maintenance expenses incurred for the cruise ship – Amusement World during cessation of operations between 2 July 2018 and 31 August 2018; and (ii) an increase in depreciation due to a change of its usage for part of office units at Shun Tak Centre from investment properties to owner-occupied properties following the expiration of the relevant tenancy agreement on 30 April 2018.

Foreign exchange differences

The group recorded foreign exchange losses of HK$10,990,000 this year (2018: foreign exchange gains of HK$9,237,000). The foreign exchange losses were mainly the result of a depreciation of the Singapore dollar against the Hong Kong dollar.

Surplus/(deficit) on revaluation of cruise ships

At the end of the reporting date, the cruise ships were measured at fair value with the revaluation surplus of HK$2,672,000 (2018: deficit of HK$78,000) recognised in consolidated statement of profit or loss for the Year.

Fair value gains on investment properties

Fair value gains on investment properties amounted to HK$7,554,000 for the Year, representing a decrease of 78.8% compared to HK$35,634,000 last year, which was primarily due to the decrease in fair value gains on investment properties resulted from change of its usage for part of the office units at Shun Tak Centre from investment properties to owner-occupied properties following the expiration of the relevant tenancy agreement on 30 April 2018.

Gains on the disposal of a subsidiary

The gains on disposal of a subsidiary reached HK$3,652,000, resulting from the disposal on 31 August 2018, of an indirect non-wholly owned subsidiary of the Company, which held 100% beneficial ownership in the cruise ship – Amusement World.

Income tax expense

The income tax expense climbed 660.1% to HK$16,016,000 for the Year, compared to HK$2,107,000 last year. This was mainly attributable to an increase in deferred tax expenses, which were the result of the change of its usage for part of the office units at Shun Tak Centre from investment properties to owner-occupied properties.

Profit attributable to owners of the Company

The profit attributable to owners of the Company totalled HK$18,889,000 for the Year, which recorded a decrease of 87.3% compared to HK$148,611,000 last year. This was primarily due to (i) a decrease in revenue; (ii) an increase in administrative expenses; (iii) foreign exchange losses for the Year compared to foreign exchange gains last year; (iv) a decrease in fair value gains on investment properties; and (v) an increase in income tax expense.

Dividends

The Board recommends a final dividend of HK0.3 cents per share, payable to shareholders of the Company whose names appeared on the register of members of the Company on 2 October 2019. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on 24 September 2019, the final dividend will be paid on 22 October 2019.

Closure of Register of Members

The annual general meeting of the Company is scheduled on Tuesday, 24 September 2019 (the "Annual General Meeting"). For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 19 September 2019 to Tuesday, 24 September 2019, both days inclusive, during which period, no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 18 September 2019.

The proposed final dividend is subject to the approval of the Company's shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is on Wednesday, 2 October 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday, 2 October 2019 and no transfer of shares will be effected on such date. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Monday, 30 September 2019.

Business Segment Review

Cruise Ship Charter Services

The charter services of our three cruise ships namely as "Amusement World", "Leisure World" and "Aegean Paradise" recorded revenue of HK$79,011,000 (2018: HK$106,390,000). During the Year, Amusement World ceased operations on 2 July 2018 following the termination of its charter agreement with the charterer. On 31 August 2018, the Group disposed all of its interest in a non-wholly owned subsidiary, which held 100% beneficial ownership in Amusement World, to an independent third party and recorded a gain on disposal of HK$3,652,000. The Group entered into new two-year term charter agreements for Leisure World and Aegean Paradise on 14 June 2018, with the existing charterer. Starting from 1 July 2018, the respective daily charter fees for Leisure World and Aegean Paradise under the new charter agreements amounted to S$13,800 (equivalent to approximately HK$81,144) and S$23,800 (equivalent to approximately HK$139,944), which were lower than the previous respective daily charter fees of S$19,800 (equivalent to approximately HK$116,424) and S$28,000 (equivalent to approximately HK$164,640). Along with that (i) during the cessation period of operations from 2 July 2018 to 31 August 2018, maintenance expenses of HK$5,486,000 (2018: Nil) were incurred for Amusement World; (ii) foreign exchange losses of HK$3,329,000 were incurred for the Year due to the depreciation of the Singapore dollar against the Hong Kong dollar (2018: foreign exchange gains of HK$2,802,000); and (iii) surplus on revaluation of cruise ships of HK$2,672,000 recorded for the Year (2018: deficit of HK$78,000) in the consolidated statement of profit or loss, the Group recorded a decrease of 39.0% in segment profit to HK$51,293,000 for the Year (2018: HK$84,129,000).

Property Investments

The Group's property investment income decreased to HK$20,256,000 (2018: HK$21,635,000). The change of its usage for part of the office units at Shun Tak Centre from investment properties to owner-occupied properties following the expiration of the relevant tenancy agreement on 30 April 2018 led to rental income from Hong Kong investment properties decreasing to HK$18,441,000 (2018: HK$19,927,000). An improvement in the occupancy rate drove a rise in rental income from investment properties in Singapore to HK$1,815,000 (2018: HK$1,708,000). Investment properties achieved an excellent occupancy rate of 100% (2018: 99%), in general with an average annual rental yield of 3.2% (2018: 3.2%). For the Year, net fair value gains of investment properties amounted to HK$7,554,000 (2018: HK$35,634,000). Hong Kong investment properties recorded fair value gains of HK$6,400,000 (2018: HK$33,900,000) while Singapore investment properties recorded fair value gains of HK$1,154,000 (2018: HK$1,734,000). As a result, profit from the property investments segment decreased by 53.7% to HK$24,237,000 for the Year (2018: HK$52,366,000).

Securities Trading

The Group's securities portfolio is mainly comprised of blue chips in the Hong Kong and Singapore stock markets. During the Year, revenue from securities trading amounted to HK$487,000 (2018: HK$74,030,000). This revenue represented net realized and unrealized losses of HK$6,450,000 (2018: net realized and unrealized gains of HK$63,015,000) on equity investments at fair value through profit or loss, dividend income from equity investments at fair value through profit or loss of HK$3,753,000 (2018: HK$13,519,000), and fair value gains on derivative financial instruments of HK$3,184,000 (2018: fair value losses of HK$2,504,000). Ultimately, the Group recorded a segment loss of HK$3,379,000 (2018: a profit of HK$77,157,000).

As at 31 March 2019, the Group's equity investments at fair value through profit or loss amounted to HK$27,984,000. There were no individual equity investments held by the Group for which the value was more than 5% of the net assets of the Group.

Name of stock listed on the stock exchange of Hong Kong (Stock Code)	**Number of shares held as at 31 March 2019**	**Percentage of shareholding held as at 31 March 2019**	**Investment cost as at 31 March 2019** *HK$'000*	**Market value as at 31 March 2019** *HK$'000*	**Percentage to net assets value of the Group as at 31 March 2019**
CK Hutchison Holdings Limited (0001)	20,000	0.0005	1,781	1,649	0.10
The Hong Kong and China Gas Company Limited (0003)	200,000	0.0013	2,648	3,764	0.22
Henderson Land Development Company Limited (0012)	40,000	0.0009	1,738	1,996	0.12
Sun Hung Kai Properties Limited (0016)	20,000	0.0007	2,509	2,694	0.16
Hong Kong Exchanges and Clearing Limited (0388)	2,000	0.0002	528	547	0.03
China Construction Bank Corporation (0939)	1,000,000	0.0004	7,101	6,730	0.39
Ping An Insurance (Group) Company of China, Ltd. (2318)	40,000	0.0005	2,692	3,516	0.21
Tracker Fund of Hong Kong (2800)	120,000	0.0039	3,385	3,528	0.21
Bank of China Limited (3988)	1,000,000	0.0012	3,991	3,560	0.21
Total for equity investments at fair value through profit or loss			26,373	27,984	1.65

Information on the performance of the Group's equity investments for the year ended 31 March 2019 is listed below:

	Net realized and unrealized fair value losses for the year ended 31 March 2019	Dividend income for the year ended 31 March 2019
	HK$'000	*HK$'000*
Stocks listed on the stock exchange of Hong Kong	(5,918)	2,514
Stocks listed on the stock exchange of Singapore	(532)	1,239
Total	(6,450)	3,753

Contingent Liabilities

As at 31 March 2019, the Company had outstanding guarantees of HK$190,000,000 (2018: HK$216,910,000) given to banks to secure general credit facilities for certain subsidiaries. No credit facilities (2018: HK$22,740,000) were utilized by the subsidiaries from such guarantees at the end of the reporting period.

Charge on the Group's Assets

As at 31 March 2019, some of the Group's land and building as well as investment properties with an aggregate carrying amount of HK$471,127,000 (2018: HK$474,533,000), plus some of the Group's trade receivables (rental) with a carrying amount of HK$822,000 (2018: HK$78,000), and the Group's equity investments with a carrying amount of HK$27,984,000 (2018: HK$139,154,000) were pledged to banks and securities dealers for loan facilities worth HK$187,739,000 (2018: HK$265,414,000) that were granted to the Group. As at 31 March 2019, no loan facilities (2018: HK$23,437,000) were utilized by the Group.

Liquidity and Financial Resources

As at 31 March 2019, the Group had net current assets of HK$793,565,000 (2018: HK$945,361,000) and equity attributable to owners of the Company worth HK$1,653,099,000 (2018: HK$1,636,670,000).

As at 31 March 2019, no loans (2018: HK$23,437,000) were borrowed from banks or securities dealers.

As at 31 March 2019, there was a loan advanced from a non-controlling shareholder of the Group's subsidiary of HK$131,823,000 (2018: HK$171,823,000). The loan was denominated in United States dollar, which was unsecured, interest-free and repayable on demand. It was classified as a current liability. In the prior year, there was no intention for the non-controlling shareholders to demand that the subsidiary of the Group repay this loan in the next twelve months from the end of the reporting period. Accordingly, the loan was classified as a non-current liability as at 31 March 2018.

As at 31 March 2019, the Group's gearing ratio, calculated as total indebtedness divided by equity attributable to owners of the Company, was 0.08 (2018: 0.12). Total indebtedness represents interest-bearing bank and other borrowings, and a loan advanced from a non-controlling shareholder of the Group's subsidiary.

Exposure to Equity Prices, Foreign Exchange and Interest Rate Risks

The Group is exposed to risks arising from individual equity investments classified as trading equity investments. The Group's equity investments of HK$27,984,000 (2018: HK$139,154,000) are listed on the stock exchange of Hong Kong (2018: the stock exchanges of Hong Kong and Singapore), and are valued at quoted market prices at the end of the reporting period.

As at 31 March 2019, the Group's cash and cash equivalents of HK$855,173,000 (2018: HK$793,767,000) were held predominately in Hong Kong dollar, Singapore dollar and United States dollar. A loan of HK$131,823,000 (2018: HK$171,823,000) advanced from a non-controlling shareholder of Group's subsidiary was denominated in United States dollar and charged at an interest-free rate. In the opinion of the directors, the Group has no significant interest rate risks. The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Human Resources

As at 31 March 2019, the Group had a total of 23 staff in Hong Kong. Remuneration packages for employees and directors are structured according to market standards as well as individual performance and experience. Benefits plans maintained by the Group include a mandatory provident fund scheme, medical insurance, share option scheme and discretionary bonuses. As at 31 March 2019, the Group had 386,640,000 outstanding share options granted to eligible directors and employees of the Group.

Disposal of Jackston Maritime Limited ("JML")

On 31 August 2018, an indirect non-wholly owned subsidiary of the Company as vendor entered into a sale and purchase agreement with an independent third party as purchaser, pursuant to which the vendor agreed to sell and the purchaser agreed to acquire the entire issued share capital (the "Sale Shares") of JML and the shareholder's loan (the "Shareholder's Loan") owed by JML to the vendor at a consideration of US$2,200,000 (equivalent to approximately HK$17,160,000). JML was indirectly owned as to 60% by the Company. JML was principally engaged in cruise ship investment and the principal asset of which was the cruise ship – Amusement World. A gain on the disposal of a subsidiary of HK$3,652,000 was recorded by the Group. The disposal of the Sale Shares and the Shareholder's Loan constituted a disclosable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and was therefore subject to the reporting and announcement requirements under the Listing Rules. For details, please refer to the Company's announcement dated 31 August 2018.

Upon the disposal on 31 August 2018, the Group ceased to have any equity interest in JML on the same date.

Event After the Reporting Period

In view of strong and sustainable borrowers' demand in more flexible property mortgage loans from licensed money lender in Hong Kong which are not subject to various round of prudential measures and regulations governed by The Hong Kong Monetary Authority, as well as its positive business opportunity and potentials, on 18 June 2019, the Group, through a wholly-owned subsidiary of the Company, entered into a conditional agreement (the "Agreement") with three connected persons of the Company to acquire in aggregate of 60% equity interest in ETC Finance Limited ("ETC") at the initial consideration (subject to adjustment) of HK$457,640,000 (the "Acquisition"). ETC is a licensed money lender in Hong Kong with a total loan portfolio of approximately HK$793,417,000 comprising property mortgage loans and personal loans as at 31 March 2019. An initial refundable deposit of HK$30,000,000 was paid by the Group upon signing of the Agreement.

The Acquisition constitutes a major transaction of the Company. By reason of the vendors' interest in ETC and the Company, the vendors are regarded as connected persons of the Company and the Acquisition also constitutes a connected transaction. The Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. A special general meeting of the Company will be convened and held for the independent shareholders to approve the Agreement and the transactions as contemplated thereunder. For details, please refer to the Company's announcement dated 18 June 2019.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 11 July 2019, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Tengis Limited (the "Branch Share Registrar') will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code during the year.

AUDIT COMMITTEE

The Company's audit committee comprises three independent non-executive directors, namely, Mr. Cheung Chun Kwok, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2019 including the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

On behalf of the Board
Ng Wee Keat
Chairman

Hong Kong, 25 June 2019

As at the date of this announcement, the Board comprises Mr. Ng Wee Keat (Chairman), Ms. Sio Ion Kuan (Deputy Chairman), Ms. Ng Siew Lang, Linda (Chief Operating Officer), Ms. Lilian Ng, Ms. Chen Ka Chee and Mr. Yu Wai Man as executive directors and Mr. Cheung Chun Kwok, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming as independent non-executive directors.