Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2020

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 2020 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2020

	Note	**2020** **HK$'000**	2019 HK$'000 (Restated)
REVENUE	6	**145,364**	173,006
Cost of services provided		**(19,499)**	(20,303)
Gross profit		**125,865**	152,703
Other income and gains	6	**12,044**	13,483
Administrative expenses		**(50,585)**	(55,428)
Foreign exchange differences, net		**(2,393)**	(10,990)
Surplus/(deficit) on revaluation of cruise ships		**(172)**	2,672
Fair value gains/(losses) on investment properties, net		**(24,634)**	7,554
Gain on disposal of a subsidiary		**–**	3,652
Finance costs		**(5)**	(593)
Reversal of/(provision for) impairment losses on loan and interest receivables		**(1,971)**	906

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

Year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000* (Restated)
PROFIT BEFORE TAX	7	**58,149**	113,959
Income tax expense	8	**(9,514)**	(25,376)
PROFIT FOR THE YEAR		**48,635**	88,583
Attributable to:			
Owners of the Company		**15,461**	47,492
Non-controlling interests		**33,174**	41,091
		48,635	88,583
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		**HK0.27 cents**	HK0.82 cents
Diluted		**HK0.27 cents**	HK0.82 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
PROFIT FOR THE YEAR	**48,635**	88,583
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	**(21,582)**	(12,299)
Reclassification adjustment for a foreign operation disposed of during the year	**–**	1,441
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(21,582)**	(10,858)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Surplus/(deficit) on revaluation of cruise ships	**(7,787)**	8,576
Surplus on revaluation of a property	**8,097**	–
Change in fair value of equity investment designated at fair value through other comprehensive income	**(39)**	(453)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**271**	8,123
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(21,311)**	(2,735)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**27,324**	85,848
Attributable to:		
Owners of the Company	**(979)**	43,807
Non-controlling interests	**28,303**	42,041
	27,324	85,848

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2020

	Notes	2020 HK$'000	2019 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**338,070**	394,150
Investment properties		**551,576**	555,760
Equity investment designated at fair value through other comprehensive income		**1,513**	1,552
Prepayments and other receivables	11	**434**	4,026
Loan receivables	12	**133,065**	270,369
Deferred tax assets		**–**	306
Total non-current assets		**1,024,658**	1,226,163
CURRENT ASSETS			
Trade receivables	13	**116,538**	58,290
Loan and interest receivables	12	**553,717**	552,786
Prepayments, deposits and other receivables	11	**5,639**	5,194
Repossessed asset		**14,132**	14,132
Equity investments at fair value through profit or loss		**14,119**	27,984
Tax recoverable		**1,042**	70
Cash and cash equivalents		**438,811**	996,257
Total current assets		**1,143,998**	1,654,713
CURRENT LIABILITIES			
Accruals, other payables and deposits received	14	**16,664**	21,044
Lease liabilities		**140**	–
Financial liabilities at fair value through profit or loss		**391**	–
Tax payable		**153**	1,031
Due to the immediate holding company		**–**	40,000
Due to the intermediate holding company		**40,000**	140,000
Due to related companies		**–**	20,004
Loan advanced from a non-controlling shareholder of the Group's subsidiary		**71,823**	131,823
Total current liabilities		**129,171**	353,902
NET CURRENT ASSETS		**1,014,827**	1,300,811
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,039,485**	2,526,974

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 March 2020

	Note	**2020** **HK$'000**	2019 *HK$'000* (Restated)
NON-CURRENT LIABILITIES			
Deposits received	14	**3,386**	3,338
Lease liabilities		**81**	–
Deferred tax liabilities		**19,558**	19,519
Total non-current liabilities		**23,025**	22,857
Net assets		**2,016,460**	2,504,117
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**14,451**	14,451
Reserves		**1,602,776**	2,118,736
		1,617,227	2,133,187
Non-controlling interests		**399,233**	370,930
Total equity		**2,016,460**	2,504,117

Notes:

1. **CORPORATE INFORMATION**

New Century Group Hong Kong Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activities of the Company comprise investment holding and securities trading. The principal activities of its subsidiaries comprise the provision of cruise ship charter services, property investments and securities trading. During the year, the Group commenced to engage in money lending business.

The Company is a subsidiary of New Century Investment Pacific Limited, a company incorporated in the British Virgin Islands. New Century Investment Pacific Limited is an indirect wholly owned subsidiary of Huang Group (BVI) Limited, a company incorporated in the British Virgin Islands. In the opinion of the directors, Huang Group (BVI) Limited, which is beneficially and wholly owned by a discretionary trust, is the ultimate holding company of the Company.

2. **ACQUISITION UNDER COMMON CONTROL**

On 30 September 2019, the Group acquired 30%, 20% and 10% equity interests in ETC Finance Limited ("ETC") from Huang Worldwide Holding Limited, New Century Investment Pacific Limited and A&C Amusement Limited, respectively, with an aggregate consideration of HK$497,640,000 (the "Acquisition"). Huang Worldwide Holding Limited and New Century Investment Pacific Limited are controlled by the same shareholder of the Company whereas A&C Amusement Limited is controlled by connected persons of the Company.

The Group and ETC were under the common control of Huang Group (BVI) Limited before and after the Acquisition. The acquisition of ETC has been accounted for based on the principles of merger accounting as if the Acquisition had occurred on the date when the combining entities first came under the common control of Huang Group (BVI) Limited. Accordingly, the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows of the Group for the years ended 31 March 2019 and 2020 include the results and cash flows of ETC from the earliest date presented or since the date when the subsidiaries and/or business first came under the common control of Huang Group (BVI) Limited, where this is a shorter period. The consolidated statement of financial position as at 31 March 2019 and 1 April 2018 have been restated to include the carrying amounts of the assets and liabilities of ETC.

The comparative amounts of the financial statements of the Group have been restated to include the financial statement items of ETC. The effect of the Acquisition on the items hence restated in the comparative financial statements is summarised below:

(a) Effect on the consolidated statement of profit or loss for the year ended 31 March 2019

	As previously reported *HK$'000*	Acquisition of ETC *HK$'000*	Consolidation adjustment *HK$'000*	As restated *HK$'000*
REVENUE	99,754	73,598	(346)	173,006
Cost of services provided	(20,303)	–	–	(20,303)
Gross profit	79,451	73,598	(346)	152,703
Other income and gains	12,399	1,084	–	13,483
Administrative expenses	(37,218)	(18,556)	346	(55,428)
Foreign exchange differences, net	(10,990)	–	–	(10,990)
Surplus on revaluation of a cruise ship	2,672	–	–	2,672
Fair value gains on investment properties	7,554	–	–	7,554
Gain on disposal of a subsidiary	3,652	–	–	3,652
Finance costs	(593)	–	–	(593)
Reversal of impairment losses on loan and interest receivables	–	906	–	906
PROFIT BEFORE TAX	56,927	57,032	–	113,959
Income tax expense	(16,016)	(9,360)	–	(25,376)
PROFIT FOR THE YEAR	40,911	47,672	–	88,583
Attributable to:				
Owners of the Company	18,889	47,672	(19,069)	47,492
Non-controlling interests	22,022	–	19,069	41,091
	40,911	47,672	–	88,583

(b) Effect on the consolidated statement of comprehensive income for the year ended 31 March 2019

	As previously reported *HK$'000*	Acquisition of ETC *HK$'000*	Consolidation adjustment *HK$'000*	As restated *HK$'000*
PROFIT FOR THE YEAR	40,911	47,672	–	88,583
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)	–	–	(12,299)
Reclassification adjustment for a foreign operation disposed of during the year	1,441	–	–	1,441
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(10,858)	–	–	(10,858)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:				
Surplus on revaluation of a cruise ship	8,576	–	–	8,576
Change in fair value of equity investment designated at fair value through other comprehensive income	(453)	–	–	(453)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	8,123	–	–	8,123
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(2,735)	–	–	(2,735)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	38,176	47,672	–	85,848
Attributable to:				
Owners of the Company	15,204	47,672	(19,069)	43,807
Non-controlling interests	22,972	–	19,069	42,041
	38,176	47,672	–	85,848

(c) Effect on the consolidated statement of financial position as at 31 March 2019

	As previously reported *HK$'000*	Acquisition of ETC *HK$'000*	Consolidation adjustment *HK$'000*	As restated *HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	372,440	21,710	–	394,150
Investment properties	555,760	–	–	555,760
Equity investment designated at fair value through other comprehensive income	1,552	–	–	1,552
Prepayments and other receivables	3,510	516	–	4,026
Loan receivables	–	270,369	–	270,369
Deferred tax assets	–	306	–	306
Total non-current assets	933,262	292,901	–	1,226,163
CURRENT ASSETS				
Trade receivables	58,290	–	–	58,290
Loan and interest receivables	–	552,786	–	552,786
Prepayments, deposits and other receivables	3,035	2,245	(86)	5,194
Repossessed asset	–	14,132	–	14,132
Equity investments at fair value through profit or loss	27,984	–	–	27,984
Tax recoverable	70	–	–	70
Cash and cash equivalents	855,173	141,084	–	996,257
Total current assets	944,552	710,247	(86)	1,654,713
CURRENT LIABILITIES				
Accruals, other payables and deposits received	19,083	2,047	(86)	21,044
Dividend payable	–	200,000	(200,000)	–
Tax payable	77	954	–	1,031
Due to the immediate holding company	–	–	40,000	40,000
Due to the intermediate holding company	–	–	140,000	140,000
Due to related companies	4	–	20,000	20,004
Loan advanced from a non-controlling shareholder of the Group's subsidiary	131,823	–	–	131,823
Total current liabilities	150,987	203,001	(86)	353,902
NET CURRENT ASSETS	793,565	507,246	–	1,300,811

	As previously reported *HK$'000*	Acquisition of ETC *HK$'000*	Consolidation adjustment *HK$'000*	As restated *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	1,726,827	800,147	–	2,526,974
NON-CURRENT LIABILITIES				
Deposits received	3,338	–	–	3,338
Deferred tax liabilities	19,519	–	–	19,519
Total non-current liabilities	22,857	–	–	22,857
Net assets	1,703,970	800,147	–	2,504,117
EQUITY				
Equity attributable to owners of the Company				
Issued capital	14,451	700,000	(700,000)	14,451
Reserves	1,638,648	100,147	379,941	2,118,736
	1,653,099	800,147	(320,059)	2,133,187
Non-controlling interests	50,871	–	320,059	370,930
Total equity	1,703,970	800,147	–	2,504,117

(d) Effect on the consolidated statement of financial position as at 1 April 2018

	As previously reported *HK$'000*	Acquisition of ETC *HK$'000*	Consolidation adjustment *HK$'000*	As restated *HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	283,438	22,823	–	306,261
Investment properties	676,424	–	–	676,424
Equity investment designated at fair value through other comprehensive income	2,005	–	–	2,005
Loan receivables	–	192,514	–	192,514
Other receivables	–	587	–	587
Deferred tax assets	–	455	–	455
Total non-current assets	961,867	216,379	–	1,178,246
CURRENT ASSETS				
Trade receivables	32,829	–	–	32,829
Derivative financial instruments	107	–	–	107
Loan and interest receivables	–	593,866	–	593,866
Prepayments, deposits and other receivables	8,616	2,062	(86)	10,592
Repossessed asset	–	14,132	–	14,132
Equity investments at fair value through profit or loss	139,154	–	–	139,154
Tax recoverable	10	–	–	10
Cash and cash equivalents	793,767	128,654	–	922,421
Total current assets	974,483	738,714	(86)	1,713,111
CURRENT LIABILITIES				
Derivative financial instruments	3,291	–	–	3,291
Interest-bearing bank and other borrowings	1,574	–	–	1,574
Accruals, other payables and deposits received	23,444	1,669	(86)	25,027
Tax payable	804	949	–	1,753
Due to a related company	9	–	–	9
Total current liabilities	29,122	2,618	(86)	31,654
NET CURRENT ASSETS	945,361	736,096	–	1,681,457

	As previously reported *HK$'000*	Acquisition of ETC *HK$'000*	Consolidation adjustment *HK$'000*	As restated *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	1,907,228	952,475	–	2,859,703
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	21,863	–	–	21,863
Loan advanced from a non-controlling shareholder of the Group's subsidiary	171,823	–	–	171,823
Deposits received	3,999	–	–	3,999
Deferred tax liabilities	3,749	–	–	3,749
Total non-current liabilities	201,434	–	–	201,434
Net assets	1,705,794	952,475	–	2,658,269
EQUITY				
Equity attributable to owners of the Company				
Issued capital	14,451	700,000	(700,000)	14,451
Reserves	1,623,444	252,475	319,010	2,194,929
	1,637,895	952,475	(380,990)	2,209,380
Non-controlling interests	67,899	–	380,990	448,889
Total equity	1,705,794	952,475	–	2,658,269

3. BASIS OF PREPARATION

The 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, 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 financial liabilities at fair value through profit or loss 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 2020. 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.

4. 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 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of leasehold land and properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and included in lease liabilities. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to recognise the right-of-use assets under property, plant and equipment in the statement of financial position. This includes the lease assets recognised previously under finance leases of HK$146,186,000 that were reclassified from owned assets to right-of-use assets under property, plant and equipment.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease;

- A single discount rate was applied to a portfolio of leases with reasonably similar characteristics; and

- Initial direct costs were excluded from the measurement of the right-of-use assets at 1 April 2019.

Financial impact at 1 April 2019

The adoption of HKFRS 16 on 1 April 2019 by the Group has given rise to additional lease liabilities of HK$140,000 at 1 April 2019 with corresponding right-of-use assets of the same amount recognised. In addition, the net carrying amount of assets previously classified as owned assets under finance leases of HK$146,186,000 were reclassified as right-of-use assets on 1 April 2019. The adoption has had no impact on the Group's equity at 1 April 2019.

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	HK$'000
Operating lease commitments as at 31 March 2019	232
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 March 2020	(88)
	144
Weighted average incremental borrowing rate as at 1 April 2019	3.9%
Discounted operating lease commitments as at 1 April 2019	140
Lease liabilities as at 1 April 2019	140

(b) Adoption of HK(IFRIC)-Int 23

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any impact on the financial position or performance of the Group.

5. OPERATING SEGMENT INFORMATION

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

(a) the money lending segment engages in provision of secured mortgage loans and unsecured personal loans;

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

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

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

During the year, management has identified the money lending segment as a new operating segment upon acquisition of ETC.

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/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, gain on disposal of a subsidiary, dividend income from equity investment designated 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, deferred tax assets and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude a loan advanced from a non-controlling shareholder of the Group's subsidiary, amounts due to the immediate holding company, the intermediate holding company and related companies, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Money lending		Cruise ship charter services		Property investments		Securities trading		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)				(Restated)
Segment revenue:										
Revenue from external customers	**70,636**	73,598	**64,175**	79,011	**19,316**	19,910	**(8,763)**	487	**145,364**	173,006
Intersegment sales	**–**	–	**–**	–	**3,071**	346	**–**	–	**3,071**	346
Other income	**317**	224	**–**	–	**62**	40	**36**	–	**415**	264
	70,953	73,822	**64,175**	79,011	**22,449**	20,296	**(8,727)**	487	**148,850**	173,616
Reconciliation:										
Elimination of intersegment sales									**(3,071)**	(346)
Total revenue and other income									**145,779**	173,270
Segment results	**55,714**	56,518	**40,757**	51,293	**(9,146)**	23,891	**(8,746)**	(3,379)	**78,579**	128,323
Reconciliation:										
Bank interest income									**10,919**	12,815
Dividend income from equity investment designated at fair value through other comprehensive income									**710**	404
Gain on disposal of a subsidiary									**–**	3,652
Corporate and other unallocated expenses									**(32,059)**	(30,642)
Finance costs (other than interest on lease liabilities)									**–**	(593)
Profit before tax									**58,149**	113,959

	Money lending		Cruise ship charter services		Property investments		Securities trading		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)				(Restated)
Segment assets	**705,068**	861,758	**210,134**	233,220	**554,357**	561,028	**118,349**	85,032	**1,587,908**	1,741,038
Reconciliation:										
Elimination of intersegment receivables									**(180)**	(86)
Corporate and other unallocated assets									**580,928**	1,139,924
Total assets									**2,168,656**	2,880,876
Segment liabilities	**1,878**	2,047	**11,147**	13,948	**5,392**	5,477	**391**	1,114	**18,808**	22,586
Reconciliation:										
Elimination of intersegment payables									**(180)**	(86)
Corporate and other unallocated liabilities									**133,568**	354,259
Total liabilities									**152,196**	376,759
Other segment information:										
Depreciation	**–**	–	**19,499**	20,303	**–**	–	**–**	–	**19,499**	20,303
Fair value losses/(gains) on investment properties, net	**–**	–	**–**	–	**24,634**	(7,554)	**–**	–	**24,634**	(7,554)
Deficit/(surplus) on revaluation of cruise ships	**–**	–	**7,959**	(11,248)	**–**	–	**–**	–	**7,959**	(11,248)
Fair value losses on equity investments at fair value through profit or loss, net	**–**	–	**–**	–	**–**	–	**9,735**	6,450	**9,735**	6,450
Fair value losses/(gains) on financial assets/liabilities at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**391**	(3,184)	**391**	(3,184)
Provision for/(reversal of) impairment losses on loan and interest receivables	**1,971**	(906)	**–**	–	**–**	–	**–**	–	**1,971**	(906)
Capital expenditure*	**–**	–	**6,981**	–	**–**	–	**–**	–	**6,981**	–

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

Geographical information

(a) *Revenue and other income from external customers*

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**79,708**	87,534
Southeast Asia except Hong Kong	**66,071**	85,736
	145,779	173,270

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

(b) *Non-current assets*

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**685,289**	852,125
Southeast Asia except Hong Kong	**337,856**	372,180
	1,023,145	1,224,305

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 and deferred tax assets.

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:

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**64,175**	74,937

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

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents interest income from secured mortgage loans and unsecured personal loans, 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 financial assets/liabilities at fair value through profit or loss 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:

	2020	2019
	HK\$'000	*HK\$'000*
		(Restated)
Revenue		
Interest income from secured mortgage loans and unsecured personal loans	**70,636**	73,598
Cruise ship charter service income	**64,175**	79,011
Gross rental income from investment properties	**19,316**	19,910
Fair value losses on equity investments at fair value through profit or loss	**(9,735)**	(6,450)
Fair value gains/(losses) on financial assets/liabilities at fair value through profit or loss	**(391)**	3,184
Dividend income from equity investments at fair value through profit or loss	**1,363**	3,753
	145,364	173,006
Other income and gains		
Bank interest income	**10,919**	12,815
Dividend income from equity investment designated at fair value through other comprehensive income	**710**	404
Others	**415**	264
	12,044	13,483

7. PROFIT BEFORE TAX

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

	Note	2020 HK$'000	2019 HK$'000 (Restated)
Depreciation		**26,901**	26,895
Auditor's remuneration		**1,620**	1,570
Employee benefit expense (including directors' remuneration):			
Salaries and allowances		**21,676**	21,352
Pension scheme contributions		**967**	1,008
Total staff costs		**22,643**	22,360
Minimum lease payments under operating leases		**–**	252
Lease payments not included in the measurement of lease liabilities		**181**	–
Foreign exchange differences, net		**2,393**	10,990
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**2,670**	2,551
Fair value losses/(gains) on investment properties, net		**24,634**	(7,554)
Gain on disposal of a subsidiary		**–**	(3,652)
Provision for/(reversal of) impairment losses on loan and interest receivables	12	**1,971**	(906)

8. 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, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2019 (Restated): HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Current – Hong Kong		
Charge for the year	**9,015**	9,378
Underprovision in prior years	**13**	2
Current – Elsewhere		
Charge for the year	**160**	77
Overprovision in prior years	**(19)**	–
Deferred	**345**	15,919
Total tax charge for the year	**9,514**	25,376

9. DIVIDENDS

The dividends proposed/declared by the Company and the Company's subsidiary to the then shareholders during the year were as follows:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Proposed final – Nil (2019: HK0.3 cents per ordinary share) by the Company	**–**	17,341
Interim dividend declared by the Company's subsidiary	**–**	200,000

10. 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 (2019: 5,780,368,705) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2020 and 2019 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 calculation of the basic earnings per share is based on:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**15,461**	47,492

	2020	2019
Shares		
Number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**5,780,368,705**	5,780,368,705

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Prepayments	**2,150**	4,508
Deposits and other receivables	**3,923**	4,712
	6,073	9,220
Less: Non-current portion	**(434)**	(4,026)
Current portion	**5,639**	5,194

Deposits and other receivables mainly represented rental and management fee deposits with landlords and professional fees paid on behalf of customers. 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 financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2020 and 2019, the loss allowances were assessed to be minimal.

12. LOAN AND INTEREST RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Loan and interest receivables	**690,433**	824,835
Less: Provision for impairment assessment of loan and interest receivables	**(3,651)**	(1,680)
Loan and interest receivables, net of provision	**686,782**	823,155
Less: Non-current portion	**(133,065)**	(270,369)
Current portion	**553,717**	552,786

The Group's loan and interest receivables, which arise from the money lending business of providing secured mortgage loans and unsecured personal loans in Hong Kong, are denominated in Hong Kong dollars.

Except for loan and interest receivables of HK$29,927,000 (2019 (Restated): HK$33,905,000) as at 31 March 2020, which are unsecured, bear interest and are repayable with fixed terms agreed with customers, all loan and interest receivables are secured by collateral provided by customers, bear interest and are repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan and interest receivables mentioned above.

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
At beginning of the year	**1,680**	2,586
Provision for/(reversal of) impairment losses on loan and interest receivables *(note 7)*	**1,971**	(906)
At the end of the year	**3,651**	1,680

As at 31 March 2020, loan and interest receivables of HK$7,628,000 (2019 (Restated): HK$9,507,000) were past due but not impaired. Except for overdue personal loan and interest receivables of HK$503,000 (2019 (Restated): HK$1,152,000) with no collateral, the remaining overdue balances were secured mortgage loans and were related to a number of third-party customers. The directors of the Group are of the opinion that these overdue mortgage loans were fully secured by the collateral, accordingly, these balances are still considered to be fully recoverable.

For loan and interest receivables that are not credit-impaired without a significant increase in credit risk since initial recognition ("Stage 1"), expected credit losses ("ECLs") is measured at an amount equal to the portion of the lifetime ECL that results from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified ("Stage 2") but not yet deemed to be credit-impaired, the ECL is measured based on lifetime ECL. In general, when loan receivables or their related instalments are overdue by 30 days, there is a significant increase in credit risk. As at 31 March 2020, a total provision of HK$2,541,000 (2019 (Restated): HK$1,680,000) was provided under Stage 1 and Stage 2 based on assessment from the ECL model.

In general, loan and interest receivables are considered in default when the loan and interest receivables or its related instalments are overdue by 90 days. As at 31 March 2020, loan and interest receivables with amount of HK$100,633,000 (2019 (Restated): HK$42,719,000) were in default under Stage 3 lifetime ECL and a provision of HK$1,110,000 (2019 (Restated): Nil) was provided.

A maturity profile of the loan and interest receivables as at the end of each reporting period, based on the maturity date, net of provision, is as follows:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Current	**553,717**	552,786
Over 1 year and within 5 years	**84,036**	203,705
Over 5 years	**49,029**	66,664
	686,782	823,155

13. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**116,538**	58,290

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 a charterer with an aggregate value of HK$16,309,000 (2019 (Restated): HK$18,233,000). Except for trade receivables of HK$104,230,000 (2019: HK$57,048,000) 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:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**105,958**	57,783
1 to 2 months	**4,238**	507
2 to 3 months	**6,276**	–
Over 3 months	**66**	–
	116,538	58,290

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9 which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit loss rate for the Group's trade receivables is minimal for all the above bands of trade receivables.

As at 31 March 2020, certain subsidiaries have pledged trade receivables with an aggregate carrying value of HK$1,560,000 (2019: HK$822,000) to secure banking facilities granted.

14. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Accruals	**2,280**	2,690
Other payables and deposits received	**17,770**	21,692
	20,050	24,382
Portion classified as non-current liabilities	**(3,386)**	(3,338)
Current portion	**16,664**	21,044

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 2020 (the "Year").

By the time my team and I were preparing the 2020 annual report, the outbreak of coronavirus disease 2019 (COVID-19) has already infected over ten million people around the world and left no one untouched – both physically and economically. Hong Kong, in particular, was hit hard by the double whammy of the global epidemic and the local anti-government protest which have been happening since the second half of 2019. The gross domestic product of Hong Kong dropped by 8.9% year-on-year in the first quarter of 2020, marking the steepest contraction on record since 1974 for the city.

Performance Amid Volatility

Challenged by the rapid deterioration of business environment due to the adverse internal and external factors, including but not limited to the ongoing Sino-US trade war, the Group's revenue for the Year decreased by 16.0% to HK$145,364,000 while profit attributable to owners of the Company dropped 67.4% year-on-year to HK$15,461,000. Earnings per share recorded HK0.27 cents for the Year.

Over the years, we have always been looking for investment opportunities to create new revenue streams. During the Year, we completed the acquisition of 60% equity interest in ETC Finance Limited ("ETC"), a licensed money lender in Hong Kong. ETC focuses primarily on the provision of secured mortgage loans and also provides a small portion of unsecured personal loans in Hong Kong. The acquisition of ETC brought in an interest income of HK$70,636,000 generated from the money lending business.

Following the disposal of one of the Group's cruise ships namely "Amusement World" in August 2018, together with new charter agreement signed at lower daily charter fee for the cruise ship namely "Leisure World" and the adverse impact on the cruise ship business due to the outbreak of COVID-19, the charter service income dropped by 18.8% to HK$64,175,000 for the Year. In response to the spread of COVID-19, Singapore and Malaysia have closed their borders to seafarers and passengers and imposed 14-day self-quarantine measures since mid-March 2020 even up till today, which forced the charterer to suspend the operations of our two cruise ships and caused the Group unable to receive the charter fees during the suspension of the operations.

We understand that all the business sectors are suffering from the current political, economic, social crises and COVID-19 all at once; therefore, we have granted temporary rental reductions of at least 10% to the tenants of our Hong Kong investment properties since September 2019 riding out the storm with our partners together. During the Year, we achieved an occupancy rate of 96.9% for our Hong Kong and Singapore investment properties.

Outlook

Even though the pandemic situation seems to be under control in Hong Kong now, it is difficult to predict the economic recovery in light of the escalation in the Sino-US tensions and the persistent social unrest. We anticipate that we shall continue to face various adverse factors and great uncertainty. With both the stock and property markets in Hong Kong remaining volatile and unpredictable, Hong Kong's property price is now facing a downward pressure. Depending on how the situation develops, any associated economic slowdown and drop in collateral value of property may negatively impact the Group's expected credit losses.

In view of Singapore's and Malaysia's gradual reopening of the borders for some residents and some business travellers, it is expected that our cruise ships may resume sailings at a later time. In addition, as the social distancing and group gathering measures will continue to go on, we believe the cruise ships will be required to cut the number of people allowed onboard. Therefore, in mid-June 2020, we came to a mutual agreement with the charterer for an early termination of the existing charter agreement for the operation of "Leisure World" and to renew the charter agreements of both cruise ships at lower daily charter fees with longer charter fee waiver period effective from 1 July 2020. As of today, we have finalized all the terms of the charter agreements and are preparing the termination letter and the relevant new charter agreements for execution.

With all of us being exposed in such a harsh business environment, we will continue to offer all of our tenants for both Hong Kong and Singapore investment properties the temporary rental reduction which may somehow affect our rental income. Yet on a positive note, this will help us maintain a steady occupancy rate while showing our support for local businesses and the community.

All these challenges we are facing make us more cautious and conservative in our business operations. Our team will continue to closely monitor the development of all those uncertainties, including COVID-19, and take all possible and reasonable measures to mitigate the effects on our business operations. With a team always making concerted efforts through economic ups and downs over the years, I believe we can adapt to whatever comes next and uphold the Group's profitability during the downturn of economy.

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 extend my appreciation to all staff members for their continuous commitment to our success.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

On 30 September 2019, the Group completed an acquisition of 60% equity interest in ETC at a total final consideration of HK$497,640,000, and thereafter ETC has become an indirect non-wholly owned subsidiary of the Company. The acquisition of ETC is considered to be a business acquisition under common control as the Company and ETC are both under the common control of Huang Group (BVI) Limited, the ultimate holding company of the Group. As such, the consolidated statement of profit or loss for the year ended 31 March 2019 has been restated as a result of the adoption of merger accounting as if the subsidiaries and/or the business first came under common control had occurred from the beginning of the earliest financial years presented.

The Group recorded revenue of HK$145,364,000 and profit attributable to owners of the Company of HK$15,461,000 for the Year, representing a decrease of 16.0% and 67.4% compared to revenue of HK$173,006,000 (Restated) and profit attributable to owners of the Company of HK$47,492,000 (Restated) last year respectively. Earnings per share came to HK0.27 cents for the Year (2019 (Restated): HK0.82 cents).

Revenue

The Group's revenue amounted to HK$145,364,000 for the Year, representing a decrease of 16.0% compared to HK$173,006,000 (Restated) last year. The decrease in revenue was mainly attributable to (i) a decrease in charter service income from HK$79,011,000 last year to HK$64,175,000 for the Year; (ii) a decrease in interest income from secured mortgage loans and unsecured personal loans from HK$73,598,000 (Restated) last year to HK$70,636,000 for the Year; (iii) an increase in net realized and unrealized losses on equity investments at fair value through profit or loss from HK$6,450,000 last year to HK$9,735,000 for the Year; (iv) fair value losses on derivative financial instruments of HK$391,000 (2019: fair value gains of HK$3,184,000); and (v) a decrease in dividend income from equity investments at fair value through profit or loss from HK$3,753,000 last year to HK$1,363,000 for the Year.

Cost of Services Provided

Cost of services provided, which was depreciation of cruise ships, amounted to HK$19,499,000 for the Year, recording a decrease of 4.0% compared to HK$20,303,000 last year. The decrease was mainly 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$12,044,000 for the Year, representing a decrease of 10.7% compared to HK$13,483,000 (Restated) last year. This was mainly due to a decrease in bank interest income.

Administrative Expenses

Administrative expenses were HK$50,585,000 for the Year, which dropped 8.7% compared with HK$55,428,000 (Restated) last year. The decrease was mainly attributable to (i) maintenance expenses incurred for the cruise ship "Amusement World" during its cessation of operations between 2 July 2018 and 31 August 2018; and (ii) a decrease in advertising and promotion expenses in money lending business. The decrease in administrative expenses was partially offset by an increase in legal and professional fees incurred for the acquisition of 60% equity interest in ETC during the Year.

Foreign Exchange Differences, Net

The Group recorded net foreign exchange losses of HK$2,393,000 for the Year (2019: HK$10,990,000) because of the depreciation of the Singapore dollar against the Hong Kong dollar. The decrease of 78.2% in foreign exchange losses was mainly due to a decrease of bank deposits placed in Singapore dollar.

Surplus/(Deficit) on Revaluation of Cruise Ships

At the end of reporting date, the cruise ships were measured at fair value with the revaluation deficit of HK$172,000 for the Year (2019: surplus of HK$2,672,000) recognised in the consolidated statement of profit or loss.

Fair Value Gains/(Losses) on Investment Properties, Net

The Group recorded net fair value losses of HK$24,634,000 for the Year (2019: fair value gains of HK$7,554,000) for investment properties in Hong Kong and Singapore.

Reversal of/(Provision for) Impairment Losses on Loan and Interest Receivables

Provision for impairment losses of HK$1,971,000 for the Year (2019 (Restated): reversal of impairment losses of HK$906,000) was recognized in the consolidated statement of profit or loss. The provision was made for unsecured personal loans for which the full recovery of loan and interest receivables was in doubt due to bankruptcy of customers or long overdue payments.

Income Tax Expense

The income tax expense decreased by 62.5% to HK$9,514,000 for the Year (2019 (Restated): HK$25,376,000). The decrease was mainly attributable to certain of deferred tax expense incurred in last year which was the result of the change of usage for part of the office units at Shun Tak Centre from investment properties to owner-occupied properties on 30 April 2018.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company amounted to HK$15,461,000 for the Year, which recorded a decrease of 67.4% compared to HK$47,492,000 (Restated) last year. The decrease in profit attributable to owners of the Company was primarily due to a decrease in revenue from HK$173,006,000 (Restated) last year to HK$145,364,000 for the Year and net fair value losses on investment properties of HK$24,634,000 (2019: fair value gains of HK$7,554,000). The decrease in profit attributable to owners of the Company was partially offset by (i) a decrease in administrative expenses from HK$55,428,000 (Restated) last year to HK$50,585,000 for the Year; (ii) a decrease in net foreign exchange losses from HK$10,990,000 last year to HK$2,393,000 for the Year; and (iii) a decrease in income tax expense from HK$25,376,000 (Restated) last year to HK$9,514,000 for the Year.

Closure of Register of Members

The annual general meeting of the Company is scheduled on Tuesday, 29 September 2020 (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, 24 September 2020 to Tuesday, 29 September 2020, 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, 23 September 2020.

Business Segment Review

Money Lending

The Group completed the acquisition of 60% equity interest in ETC, which is principally engaged in provision of finance under a money lender licence in Hong Kong, at a total final consideration of HK$497,640,000 on 30 September 2019. Since then, ETC has become an indirect non-wholly owned subsidiary of the Company. As at 31 March 2020, the Group had a net secured mortgage loan portfolio of HK$660,506,000 (2019 (Restated): HK$790,930,000) and a net unsecured personal loan portfolio of HK$26,276,000 (2019 (Restated): HK$32,225,000), representing 96.2% (2019 (Restated): 96.1%) and 3.8% (2019 (Restated): 3.9%) of the total loan portfolio respectively.

The Group recorded interest income from secured mortgage loans and unsecured personal loans amounting to HK$70,636,000, which decreased by 4.0% compared to HK$73,598,000 (Restated) last year. The decrease was mainly due to a decrease in interest income from secured mortgage loans by 4.2% from HK$66,988,000 (Restated) last year to HK$64,145,000 for the Year, which was in line with the decrease in secured mortgage loan balance.

In conjunction with the factors of (i) a decrease in advertising and promotion expenses from HK$7,359,000 (Restated) last year to HK$4,216,000 for the Year; (ii) a decrease in depreciation of office unit at Katherine House from HK$1,022,000 (Restated) last year to HK$255,000 for the Year due to its usage changed from owner-occupied property to investment property on 30 June 2019; and (iii) provision for impairment losses on unsecured personal loan and interest receivables of HK$1,971,000 (2019 (Restated): reversal of impairment losses of HK$906,000) was recognised for the Year, the Group's segment profit slightly decreased by 1.4% to HK$55,714,000 for the Year (2019 (Restated): HK$56,518,000).

Cruise Ship Charter Services

The charter services of two cruise ships namely "Leisure World" and "Aegean Paradise" recorded income of HK$64,175,000 for the Year (2019: HK$79,011,000). The decrease of 18.8% was mainly due to (i) no charter service income received from the cruise ship namely "Amusement World" following its operation discontinued by the charterer on 2 July 2018 and the disposal of entire interest in a non-wholly owned subsidiary of the Group, which held 100% beneficial ownership in "Amusement World", to an independent third party on 31 August 2018; (ii) daily charter fee of "Leisure World" was reduced from S$13,800 to S$10,350 following the new charter agreement signed with the existing charterer for a term of two years effective from 1 July 2019; (iii) in view of global outbreak of COVID-19 in January 2020 and its adverse effect on the operations of cruise ships, special daily allowances (being 30% reduction on daily charter fees) of S$3,105 and S$7,140 were granted by the Group to the charterer of "Leisure World" and "Aegean Paradise" respectively from February 2020, which the charterer only paid the net daily charter fees of S$7,245 and S$16,660 for "Leisure World" and "Aegean Paradise" respectively; and (iv) due to further border and travel restrictions and 14-day self-quarantine requirements imposed by the governments of Singapore and Malaysia resulting in suspension of operations for "Leisure World" and "Aegean Paradise", exemption for payment of net daily charter fees was further granted by the Group to the charterer of two cruise ships with effect from mid-March 2020 until their operations resume.

Together with the effects of (i) a decrease in depreciation of the cruise ships from HK$20,303,000 last year to HK$19,499,000 for the Year due to the disposal of "Amusement World" on 31 August 2018; (ii) special daily subsidies of S$5,000 and S$10,000 were paid by the Group to the charterer for the maintenance in a safe, clean and hygienic state, good and operational condition of "Leisure World" and "Aegean Paradise" respectively starting from mid-March 2020 up to now during suspension of operations of the two cruise ships subsequent to the outbreak of COVID-19. Special subsidies paid for the Year amounted to HK$1,252,000 (2019: Nil); (iii) maintenance expenses of HK$5,486,000 incurred for "Amusement World" during its cessation of operations in last year; (iv) decrease in foreign exchange losses to HK$2,392,000 for the Year (2019: HK$3,329,000); and (v) deficit on revaluation of cruise ships of HK$172,000 (2019: surplus of HK$2,672,000) recognised in the consolidated statement of profit or loss for the Year, the segment profit decreased by 20.5% to HK$40,757,000 for the Year (2019: HK$51,293,000).

Property Investments

As at 31 March 2020, the Group's investment properties consisted of five (2019: four) commercial properties in Hong Kong and one (2019: one) commercial property in Singapore. The usage of office unit at Katherine House in Tsim Sha Tsui was changed from owner-occupied property to investment property on 30 June 2019. Subsequently, it was leased out on 16 April 2020 with a lease term of two years.

The Group's segment revenue from property investments decreased slightly by 3.0% to HK$19,316,000 for the Year (2019 (Restated): HK$19,910,000). In general, the Group's investment properties achieved an occupancy rate of 96.9% (2019: 99.7%) with an average annual rental yield of 3.4% (2019: 3.2%).

Rental income derived from Hong Kong investment properties decreased by 3.7% to HK$17,434,000 for the Year (2019 (Restated): HK$18,095,000). The decrease was mainly due to (i) temporary rental reductions of at least 10% were granted to the tenants since September 2019 as a result of the demonstration in Hong Kong and global outbreak of COVID-19; and (ii) the change of the 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.

Rental income derived from investment properties in Singapore increased by 3.7% to HK$1,882,000 for the Year (2019: HK$1,815,000) due to an improvement in occupancy rate compared to that of last year.

At each of the reporting date, investment properties were measured at fair value. Net fair value losses on investment properties amounted to HK$24,634,000 for the Year (2019: fair value gains of HK$7,554,000). Hong Kong investment properties recorded fair value losses of HK$32,600,000 for the Year (2019: fair value gains of HK$6,400,000) while fair value gains of HK$7,966,000 for the Year (2019: HK$1,154,000) was recorded for Singapore investment properties.

Property investments segment recorded a loss of HK$9,146,000 for the Year (2019 (Restated): a profit of HK$23,891,000).

Securities Trading

To reduce the market risk and focus resources on Hong Kong stocks, the Group disposed of all stocks listed in Singapore in August 2018. Since then, the Group's portfolio of securities mainly consisted of the blue chips in the Hong Kong stock market.

As at 31 March 2020, the Group’s equity investments at fair value through profit or loss amounted to HK$14,119,000 (2019: HK$27,984,000). There were no individual equity investments held by the Group which market value was more than 5% of the net assets value of the Group. The details of the Group's equity investments as at 31 March 2020 were as below:

Name of stock listed on the stock exchange of Hong Kong (Stock Code)	**Number of shares held**	**Percentage of shareholding held**	**Investment cost** *HK$'000*	**Market value** *HK$'000*	**Percentage to net assets value of the Group**
Henderson Land Development Company Limited (0012)	90,000	0.0019	3,358	2,660	0.13
Sun Hung Kai Properties Limited (0016)	10,000	0.0003	1,293	1,022	0.05
Hong Kong Exchanges and Clearing Limited (0388)	2,000	0.0002	528	467	0.02
China Construction Bank Corporation (0939)	400,000	0.0002	2,517	2,536	0.13
China Mobile Limited (0941)	38,000	0.0002	2,125	2,191	0.11
Ping An Insurance (Group) Company of China, Ltd. (2318)	25,000	0.0003	2,053	1,904	0.09
Tracker Fund of Hong Kong (2800)	140,000	0.0042	3,554	3,339	0.17
Total for equity investments at fair value through profit or loss			15,428	14,119	0.70

Securities trading segment recorded a loss of HK$8,746,000 for the Year, which increased by 158.8% compared to HK$3,379,000 last year. The increase in segment loss for the Year was mainly due to (i) an increase of net realized and unrealized losses on equity investments at fair value through profit or loss to HK$9,735,000 for the Year (2019: HK$6,450,000); (ii) fair value losses on derivative financial instruments of HK$391,000 for the Year (2019: fair value gains of HK$3,184,000); (iii) a decrease in dividend income from equity investments at fair value through profit or loss to HK$1,363,000 for the Year (2019: HK$3,753,000); and (iv) no foreign exchange losses (2019: HK$3,846,000) recorded for the Year.

Contingent Liabilities

As at 31 March 2020, the Company had outstanding guarantees of HK$190,000,000 (2019: HK$190,000,000) given to banks to secure general credit facilities for certain subsidiaries. No credit facilities (2019: Nil) 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 2020, some of the Group's land and buildings as well as investment properties with an aggregate carrying amount of HK$317,470,000 (2019: HK$471,127,000), some of the Group's trade receivables (rental) with a carrying amount of HK$1,560,000 (2019: HK$822,000) and the Group's equity investments with a carrying amount of HK$14,119,000 (2019: HK$27,984,000) were pledged to banks and securities dealers for loan facilities worth HK$178,945,000 (2019: HK$187,739,000) granted to the Group. As at 31 March 2020, no loan facilities (2019: Nil) were utilized by the Group.

Liquidity and Financial Resources

As at 31 March 2020, the Group had net current assets of HK$1,014,827,000 (2019 (Restated): HK$1,300,811,000) and equity attributable to owners of the Company worth HK$1,617,227,000 (2019 (Restated): HK$2,133,187,000).

As at 31 March 2020, the Group's cash and cash equivalents of HK$438,811,000 (2019 (Restated): HK$996,257,000) were held predominately in Hong Kong dollar, Singapore dollar and United States dollar.

As at 31 March 2020, a loan advanced from a non-controlling shareholder of the Group's subsidiary was approximately HK$71,823,000 (2019: HK$131,823,000). The loan was denominated in United States dollar, which was unsecured, interest-free and repayable on demand.

As at 31 March 2020, the Group's gearing ratio, calculated as total indebtedness divided by equity attributable to owners of the Company, was 0.07 (2019 (Restated): 0.16). Total indebtedness represents a loan advanced from a non-controlling shareholder of the Group's subsidiary, amounts due to group companies and related companies and lease liabilities.

Capital Expenditure

Capital expenditure amounted to HK$12,618,000 for the Year, which represented expenditure of HK$5,060,000 for renovation of the office units at Shun Tak office, expenditure of HK$577,000 for purchase of office equipment and expenditure of HK$6,981,000 for drydock of the cruise ship "Leisure World".

Principal Risks and Uncertainties

Equity Price Risk

The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments. The Group's equity investments are listed on the stock exchange of Hong Kong and are valued at quoted market prices at the end of the reporting period.

Foreign Currency Risk

Most of the Group's revenue and costs were denominated in Hong Kong dollar and Singapore dollar. The Group's cash and cash equivalents were held predominately in Hong Kong dollar, Singapore dollar and United States dollar. A loan advanced from a non-controlling shareholder of the Group's subsidiary was denominated in United States dollar. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should that need arise.

Interest Rate Risk

The Group's interest rate position mainly comes from money lending activities. All of the Group's secured mortgage loans and unsecured personal loans are charged at fixed interest rate agreed with individual customers. Besides, a loan advanced from a non-controlling shareholder of Group's subsidiary and an amount due to intermediate holding company were interest free. In the opinion of the directors, the Group has no significant interest rate risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group mainly conducts transactions with high quality customers and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Money lending, which is one of core businesses of the Group, is exposed to credit risk. The Group approves and grants loans to its customers pursuant to its pre-approved credit policy with tightened management measures. All new loans are subject to stringent credit check procedures and the loan and interest receivables are monitored on an ongoing basis. The Group focuses on providing loan products that are secured with collateral, which represented approximately 96.2% of the total loan portfolio as at 31 March 2020. The Group holds collateral against loan and interest receivables in the form of first legal mortgages against real estates located in Hong Kong which comprised mainly of residential, commercial, industrial properties and car parking spaces. The management considers that the credit risk arising from secured mortgage loan and interest receivables is significantly mitigated by the properties held as collateral, with reference to the market value of the properties which were valued by independent valuers at the end of the reporting period.

Liquidity Risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool which considers the maturity of both its financial instruments and financial assets and projected cash flows from operations. The management considers that the liquidity risk is manageable.

Human Resources

As at 31 March 2020, the Group had a total of 33 staff in Hong Kong. Remuneration packages for employees and directors are structured according to market terms as well as individual performance and experience. Benefits plans maintained by the Group include mandatory provident fund scheme, medical insurance, share option scheme and discretionary bonuses. As at 31 March 2020, the Group had 386,640,000 outstanding share options granted to eligible directors and employees of the Group.

Acquisition of 60% Equity Interest in ETC

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 at the initial consideration of HK$457,640,000 (subject to adjustment) (the “Acquisition”). ETC is a licensed money lender in Hong Kong with a total loan portfolio of approximately HK$632,554,000 comprising secured mortgage loans and unsecured personal loans as at 30 September 2020.

On 30 September 2019, all the conditions precedent of the Agreement had been fulfilled and completion took place in accordance with the terms and conditions of the Agreement. The Acquisition was completed at a total final consideration of HK$497,640,000. Since then, ETC became an indirect non-wholly owned subsidiary of the Company.

The Acquisition constituted a major transaction of the Company. By reason of the vendors' interest in ETC and the Company, the vendors were regarded as connected persons of the Company and the Acquisition also constituted a connected transaction. The Acquisition was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A special general meeting of the Company was convened and held for the independent shareholders to approve the Agreement and the transactions as contemplated thereunder. For details of the Acquisition, please refer to the Company's announcements dated 18 June 2019, 13 August 2019 and 30 September 2019, respectively, as well as the Company's circular dated 23 August 2019.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2020.

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 2020 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, 29 June 2020

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.