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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)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The board of directors (the “Board”) of New Century Group Hong Kong Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2020.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 September 2020*

	<i>Note</i>	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2019 (Unaudited) HK\$'000
<b>REVENUE</b>	5	<b>41,858</b>	79,857
Cost of services provided		<u>(9,302)</u>	<u>(9,250)</u>
Gross profit		<b>32,556</b>	70,607
Other income	5	<b>2,566</b>	9,152
Administrative and operating expenses		<b>(36,747)</b>	(24,576)
Foreign exchange differences, net		<b>1,204</b>	(1,189)
Fair value losses on investment properties		<b>(20,872)</b>	(16,400)
Deficit on revaluation of cruise ships		<b>(56,547)</b>	–
Finance costs		<b>(4)</b>	(2)
Reversal of impairment losses on loan and interest receivables		<u><b>1,425</b></u>	<u>–</u>

\* *For identification purpose only*

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)***For the six months ended 30 September 2020*

		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>(76,419)</b>	37,592
Income tax expense	7	<u>(4,973)</u>	<u>(4,912)</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b><u>(81,392)</u></b>	<b><u>32,680</u></b>
Attributable to:			
Owners of the Company		<b>(59,072)</b>	12,018
Non-controlling interests		<u>(22,320)</u>	<u>20,662</u>
		<b><u>(81,392)</u></b>	<b><u>32,680</u></b>
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE COMPANY</b>			
	8		
Basic		<b><u>(HK1.02 cents)</u></b>	<b><u>HK0.21 cents</u></b>
Diluted		<b><u>(HK1.02 cents)</u></b>	<b><u>HK0.21 cents</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2020*

	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(81,392)</b>	32,680
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>13,275</u>	<u>(7,270)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Surplus/(deficit) on revaluation of cruise ships	(799)	4,658
Surplus on revaluation of a property	–	8,097
Change in fair value of equity investment designated at fair value through other comprehensive income	<u>967</u>	<u>–</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>168</u>	<u>12,755</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u><b>13,443</b></u>	<u>5,485</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<u><b>(67,949)</b></u>	<u>38,165</u>
Attributable to:		
Owners of the Company	(48,206)	14,116
Non-controlling interests	<u>(19,743)</u>	<u>24,049</u>
	<u><b>(67,949)</b></u>	<u>38,165</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2020

		30 September 2020 (Unaudited) <i>HK\$'000</i>	31 March 2020 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		287,655	338,070
Investment properties		536,482	551,576
Equity investment designated at fair value through other comprehensive income		2,480	1,513
Prepayments and other receivables	9	635	434
Loan receivables	10	162,168	133,065
Total non-current assets		989,420	1,024,658
<b>CURRENT ASSETS</b>			
Trade receivables	11	59,916	116,538
Loan and interest receivables	10	558,592	553,717
Prepayments, deposits and other receivables	9	5,767	5,639
Repossessed assets		36,571	14,132
Equity investments at fair value through profit or loss		64,467	14,119
Tax recoverable		40	1,042
Cash and cash equivalents		412,091	438,811
Total current assets		1,137,444	1,143,998
<b>CURRENT LIABILITIES</b>			
Accruals, other payables and deposits received	12	39,745	16,664
Lease liabilities		185	140
Financial liabilities at fair value through profit or loss		–	391
Tax payable		4,326	153
Due to the intermediate holding company		40,000	40,000
Due to a related company		9	–
Loan advanced from a non-controlling shareholder of the Group's subsidiary		71,823	71,823
Total current liabilities		156,088	129,171

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*(continued)*

30 September 2020

		<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
	<i>Note</i>		
<b>NET CURRENT ASSETS</b>		<b>981,356</b>	1,014,827
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,970,776</b>	2,039,485
<b>NON-CURRENT LIABILITIES</b>			
Deposits received	12	<b>2,698</b>	3,386
Lease liabilities		<b>219</b>	81
Deferred tax liabilities		<b>19,348</b>	19,558
Total non-current liabilities		<b>22,265</b>	23,025
Net assets		<b>1,948,511</b>	2,016,460
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>14,451</b>	14,451
Reserves		<b>1,554,570</b>	1,602,776
<b>Non-controlling interests</b>		<b>1,569,021</b>	1,617,227
		<b>379,490</b>	399,233
Total equity		<b>1,948,511</b>	2,016,460

Notes:

## 1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of New Century Group Hong Kong Limited (the “Company”) and its subsidiaries (hereinafter referred to as the “Group”) for the six months ended 30 September 2020 were authorised for issue in accordance with a resolution of the directors on 26 November 2020.

The Company 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 money lending, cruise ship charter services, property investments and securities trading.

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. BASIS OF PREPARATION

The interim condensed consolidated financial statements are unaudited and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2020.

The unaudited interim condensed consolidated financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the Group's interim condensed consolidated financial information.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

#### **4. 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 the 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.



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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, dividend income from equity investment designated at fair value through other comprehensive income, corporate income as well as corporate expenses are excluded from such measurement.

Intersegment sales 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 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Segment revenue</b>										
Revenue from external customers	37,008	35,720	-	37,459	8,423	10,097	(3,573)	(3,419)	41,858	79,857
Intersegment sales	-	-	-	-	1,535	1,535	-	-	1,535	1,535
Other income	733	164	-	-	214	36	-	31	947	231
	<u>37,741</u>	<u>35,884</u>	<u>-</u>	<u>37,459</u>	<u>10,172</u>	<u>11,668</u>	<u>(3,573)</u>	<u>(3,388)</u>	<u>44,340</u>	<u>81,623</u>
<i>Reconciliation:</i>										
Elimination of intersegment sales									<u>(1,535)</u>	<u>(1,535)</u>
									<u>42,805</u>	<u>80,088</u>
<b>Segment results</b>	<u>33,317</u>	<u>30,609</u>	<u>(80,040)</u>	<u>26,963</u>	<u>(13,931)</u>	<u>(8,024)</u>	<u>(3,583)</u>	<u>(3,402)</u>	<u>(64,237)</u>	<u>46,146</u>
<i>Reconciliation:</i>										
Bank interest income									835	8,211
Dividend income from equity investment designated at fair value through other comprehensive income									-	710
Corporate and other unallocated income									784	-
Corporate and other unallocated expenses									<u>(13,801)</u>	<u>(17,475)</u>
Profit/(loss) before tax									<u>(76,419)</u>	<u>37,592</u>

## 5. REVENUE AND OTHER INCOME

Revenue represents interest income from secured mortgage loans and unsecured personal loans, cruise ship charter service income, 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 period.

An analysis of revenue and other income is as follows:

	<b>2020</b> <b>(Unaudited)</b> <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
<b>Revenue</b>		
Interest income from secured mortgage loans and unsecured personal loans	<b>37,008</b>	35,720
Cruise ship charter service income	–	37,459
Rental income from investment properties	<b>8,423</b>	10,097
Fair value losses on equity investments at fair value through profit or loss	<b>(4,896)</b>	(4,127)
Fair value gains/(losses) on financial assets/liabilities at fair value through profit or loss	<b>391</b>	(420)
Dividend income from equity investments at fair value through profit or loss	<b>932</b>	1,128
	<b>41,858</b>	79,857
<b>Other income</b>		
Bank interest income	<b>835</b>	8,211
Government subsidies ( <i>Note</i> )	<b>1,461</b>	–
Dividend income from equity investment designated at fair value through other comprehensive income	–	710
Others	<b>270</b>	231
	<b>2,566</b>	9,152

*Note:*

Being wage subsidies provided by the Government of Hong Kong Special Administrative Region under the Employment Support Scheme during the six months ended 30 September 2020. Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions. Government subsidies relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## 6. PROFIT/(LOSS) BEFORE TAX

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

	<b>2020</b> <b>(Unaudited)</b> <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
Depreciation	<b>12,994</b>	12,981
Employee costs	<b>10,020</b>	10,059
Reversal of impairment losses on loan and interest receivables	<b>(1,425)</b>	–
Special subsidies paid to the charterer of cruise ships	<b>15,345</b>	–
	<b><u>15,934</u></b>	<b><u>33,040</u></b>

## 7. 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 period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of the subsidiary are 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.

	<b>2020</b> <b>(Unaudited)</b> <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
Current – Hong Kong		
Charge for the period	<b>5,184</b>	5,225
Deferred	<b>(211)</b>	(313)
	<b><u>4,973</u></b>	<b><u>4,912</u></b>
Total tax charge for the period	<b><u>4,973</u></b>	<b><u>4,912</u></b>

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period 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 period.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the six months ended 30 September 2020 and 30 September 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

The calculation of the basic and diluted earnings/(loss) per share is based on:

	<b>2020</b> <b>(Unaudited)</b> <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculation	<u><b>(59,072)</b></u>	<u>12,018</u>

	<b>2020</b> <b>(Unaudited)</b>	2019 (Unaudited)
<b>Shares</b>		
Number of ordinary shares in issue during the period, used in the basic and diluted earnings/(loss) per share calculation	<u><b>5,780,368,705</b></u>	<u>5,780,368,705</u>

#### 9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September</b> <b>2020</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 March 2020 (Audited) <i>HK\$'000</i>
Prepayments	<b>1,213</b>	2,150
Deposits and other receivables	<u><b>5,189</b></u>	<u>3,923</u>
	<b>6,402</b>	6,073
Less: Non-current portion	<u><b>(635)</b></u>	<u>(434)</u>
Current portion	<u><u><b>5,767</b></u></u>	<u><u>5,639</u></u>

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 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 30 September 2020 and 31 March 2020, the loss allowances were assessed to be minimal.

## 10. LOAN AND INTEREST RECEIVABLES

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
Loan and interest receivables	722,986	690,433
Less: Provision for impairment losses on loan and interest receivables	<u>(2,226)</u>	<u>(3,651)</u>
Loan and interest receivables, net of provision	720,760	686,782
Less: Non-current portion	<u>(162,168)</u>	<u>(133,065)</u>
Current portion	<u><u>558,592</u></u>	<u><u>553,717</u></u>

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

As at 30 September 2020, except for loan and interest receivables of HK\$22,264,000 (31 March 2020: HK\$29,927,000) 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.

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:

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
Current	558,592	553,717
Over 1 year and within 5 years	109,250	84,036
Over 5 years	<u>52,918</u>	<u>49,029</u>
	<u><u>720,760</u></u>	<u><u>686,782</u></u>

## 11. TRADE RECEIVABLES

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 approximately HK\$12,618,000 (31 March 2020: HK\$16,309,000). Except for trade receivables of approximately HK\$57,881,000 (31 March 2020: HK\$104,230,000) 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:

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
Within 1 month	<b>58,623</b>	105,958
1 to 2 months	<b>457</b>	4,238
2 to 3 months	<b>304</b>	6,276
Over 3 months	<b>532</b>	66
	<hr/>	<hr/>
Trade receivables	<b>59,916</b>	116,538
	<hr/> <hr/>	<hr/> <hr/>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 which permits the use of the lifetime expected credit 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.

Certain subsidiaries have pledged trade receivables with aggregate carrying values of HK\$1,396,000 (31 March 2020: HK\$1,560,000) to secure banking facilities granted.

## 12. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
Accruals	<b>1,788</b>	2,280
Other payables and deposits received	<b>40,655</b>	17,770
	<hr/>	<hr/>
	<b>42,443</b>	20,050
Portion classified as non-current liabilities	<b>(2,698)</b>	(3,386)
	<hr/>	<hr/>
Current portion	<b>39,745</b>	16,664
	<hr/> <hr/>	<hr/> <hr/>

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

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overview**

After months fighting the novel coronavirus (“COVID-19”), the battle is still ongoing around the world, causing the global economy suffer the worst recession in decades. With more people getting used to the COVID-19 environment, most of the companies tried to resume their business activities as many as possible. Hong Kong’s economy in the third quarter of 2020 contracted 3.4% over a year earlier, which was much lower than the 9% decrease in the second quarter.

For the six months ended 30 September 2020 (the “Period”), the business of cruise ship charter service was severely affected. Due to the border closure in Singapore and Malaysia since mid-March 2020, the cruise ship operation of the Group’s charterer has been completely suspended, causing no charter service income received by the Group. In order to take swift and timely action to mitigate the adverse impacts on our other businesses caused by the pandemic as well as Hong Kong’s social movement, the Group has rolled out rental relief measure for the tenants of its investment properties in Hong Kong and Singapore since September 2019 and March 2020 respectively. For the Period, we successfully achieved an occupancy rate of 100%. In addition, the Group’s diversification strategy got paid off – the money lending business brought in steady interest income of HK\$37,008,000 for the Period.

### **Financial Review**

#### *Revenue*

The Group’s revenue amounted to HK\$41,858,000 for the Period, representing a decrease of 47.6% compared to HK\$79,857,000 last period. The decrease in revenue was mainly attributable to (i) no charter service income from cruise ships during the Period (2019: HK\$37,459,000) and (ii) a decrease in rental income from investment properties from HK\$10,097,000 last period to HK\$8,423,000 for the Period despite an increase in interest income from money lending from HK\$35,720,000 last period to HK\$37,008,000 for the Period.

#### *Other Income*

Other income totalled HK\$2,566,000 for the Period, representing a decrease of 72.0% compared to HK\$9,152,000 last period. This was mainly due to a decrease in bank interest income from HK\$8,211,000 last period to HK\$835,000 for the Period. During the Period, the Group received government subsidies amounting to HK\$1,461,000 (2019: Nil) under the Employment Support Scheme launched by the Government of Hong Kong Special Administrative Region (the “Government of HKSAR”).

### *Administrative and Operating Expenses*

Administrative and operating expenses were HK\$36,747,000 for the Period, which increased by 49.5% compared to HK\$24,576,000 last period. The increase was mainly due to (i) special subsidies amounting to HK\$15,345,000 (2019: Nil) paid by the Group to the charterer for the maintenance of the two cruise ships in safe, hygienic and operational conditions during the suspension of their operation subsequent to the global outbreak of COVID-19 and (ii) an increase in advertising and promotion expenses in money lending business as the Group devoted more resources on internet advertising and agencies' referrals during the Period. The increase in administrative and operating expenses was partially netted off by the decrease in legal and professional fees incurred for the acquisition of 60% equity interest in ETC Finance Limited, a licensed money lender in Hong Kong, on 30 September 2019.

### *Fair Value Losses on Investment Properties*

The Group recorded fair value losses of HK\$20,872,000 for the Period (2019: HK\$16,400,000) for investment properties in Hong Kong and Singapore.

### *Deficit on Revaluation of Cruise Ships*

At the end of the reporting period, the cruise ships were measured at fair value with the revaluation deficit of HK\$56,547,000 (2019: Nil) recognised in the condensed consolidated statement of profit or loss for the Period.

### *Reversal of Impairment Losses on Loan and Interest Receivables*

The reversal of impairment losses of HK\$1,425,000 for the Period (2019: Nil) represented the reversal of provision for impairment losses on unsecured personal loan and interest receivables. The reversal of impairment losses was principally due to a decrease in unsecured personal loans and interest receivables which have been past due during the Period.

### *Loss for the Period*

The Group recorded a loss attributable to owners of the Company of HK\$59,072,000 for the Period compared to a profit attributable to owners of the Company of HK\$12,018,000 last period. The turnaround from profit to loss was principally due to that (i) there was no cruise ship charter service income received for the Period (2019: HK\$37,459,000); (ii) special subsidies amounting to approximately HK\$15,345,000 (2019: Nil) were paid to the charterer of cruise ships for the Period; and (iii) deficit of HK\$56,547,000 (2019: Nil) on revaluation of cruise ships recognised in the condensed consolidated statement of profit or loss for the Period as a result of the suspension of cruise ship operation of the Group's charterer following the global outbreak of COVID-19.



## **Business Review**

### *Money Lending*

As at 30 September 2020, the Group had a secured mortgage loan portfolio of HK\$700,722,000 (31 March 2020: HK\$660,506,000) and an unsecured personal loan portfolio of HK\$20,038,000 (31 March 2020: HK\$26,276,000), representing 97.2% (31 March 2020: 96.2%) and 2.8% (31 March 2020: 3.8%) of the total loan portfolio respectively.

The Group recorded interest income of HK\$37,008,000 from secured mortgage loans and unsecured personal loans for the Period, which slightly increased by 3.6% compared to HK\$35,720,000 last period. The slight increase was attributable to the increase in interest income from secured mortgage loans by 6.6% from HK\$32,356,000 last period to HK\$34,481,000 for the Period, netting off the decrease in interest income from unsecured personal loans by 24.9% from HK\$3,364,000 last period to HK\$2,527,000 for the Period.

In conjunction with the factors of (i) the government subsidy of HK\$705,000 (2019: Nil) received under the Employment Support Scheme launched by the Government of HKSAR; (ii) an increase in advertising and promotion expenses from HK\$1,117,000 last period to HK\$2,141,000 for the Period as the Group devoted more resources on internet advertising and agencies' referrals during the Period; and (iii) reversal of impairment losses on unsecured personal loan and interest receivables of HK\$1,425,000 (2019: Nil), the segment profit slightly increased by 8.8% to HK\$33,317,000 for the Period (2019: HK\$30,609,000).

### *Cruise Ship Charter Services*

As a result of the global spread of COVID-19 in early 2020, it has severely affected the operations of the Group's charterer of our two cruise ships namely "Leisure World" and "Aegean Paradise". Border closure, travel restrictions and compulsory quarantine measures have been imposed by the governments of Singapore and Malaysia from mid-March 2020 onward, resulting in suspension of the cruise ship operation of the charterer for "Leisure World" and "Aegean Paradise". During the suspension, an exemption for payment of charter fee was granted by the Group to the charterer. At the same time, special daily subsidies of S\$5,000 and S\$10,000 were paid by the Group to the charterer for the maintenance of "Leisure World" and "Aegean Paradise" respectively in safe, hygienic and operational conditions. Special subsidies paid for the Period amounted to approximately HK\$15,345,000 (2019: Nil).

In order to comply with requirements of the classification society, “Aegean Paradise” went into dry dock during the Period and capital expenditure of approximately HK\$12,154,000 was incurred. At the end of the reporting period, the two cruise ships were measured at fair value with the revaluation deficit of HK\$56,547,000 (2019: Nil) recognised in the condensed consolidated statement of profit or loss for the Period.

On account of the reasons above, the cruise ship charter services segment recorded a significant change from a profit of HK\$26,963,000 last period to a loss of HK\$80,040,000 for the Period. As at the date of this announcement, it is still unclear when the cruise ship operation of the Group’s charterer will be resumed.

#### *Property Investments*

In view of the social incidents in Hong Kong and the pandemic, the Group was in an attempt to ride through the difficult times with its tenants together. The Group has granted rental relief of at least 10% of the original rental to the tenants of its Hong Kong and Singapore investment properties since September 2019 and March 2020 respectively. Therefore, the Group’s segment revenue from property investments decreased by 16.6% to HK\$8,423,000 for the Period (2019: HK\$10,097,000), notwithstanding that there was new rental income of HK\$355,000 (2019: Nil) from the investment property at Katherine House in Hong Kong which was leased out since mid-April 2020 following the change of its usage from owner-occupied property to investment property on 30 June 2019.

At the end of each reporting period, investment properties were measured at fair value. Fair value losses on investment properties amounted to HK\$20,872,000 for the Period (2019: HK\$16,400,000).

As a result of the aforesaid, the segment loss increased by 73.6% to HK\$13,931,000 for the Period (2019: HK\$8,024,000).

In general, the Group’s investment properties achieved an excellent occupancy rate of 100% (31 March 2020: 96.9%) with an average annual rental yield of 3.3% (31 March 2020: 3.4%).

#### *Securities Trading*

The Group’s portfolio of securities mainly consisted of the blue chips in the Hong Kong stock market.

As at 30 September 2020, the Group's equity investments at fair value through profit or loss amounted to HK\$64,467,000 (31 March 2020: HK\$14,119,000). 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 30 September 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
CK Hutchison Holdings Limited (0001)	160,000	0.0041	8,000	7,456	0.38
The Hong Kong and China Gas Company Limited (0003)	960,000	0.0054	11,444	10,656	0.55
Henderson Land Development Company Limited (0012)	160,000	0.0033	5,477	4,568	0.24
Sun Hung Kai Properties Limited (0016)	40,000	0.0014	4,266	3,952	0.20
Hong Kong Exchanges and Clearing Limited (0388)	2,000	0.0002	528	724	0.04
China Construction Bank Corporation (0939)	1,600,000	0.0007	9,323	8,032	0.41
China Mobile Limited (0941)	322,800	0.0016	17,733	15,962	0.82
Ping An Insurance (Group) Company of China, Ltd. (2318)	25,000	0.0003	2,053	1,987	0.10
Tracker Fund of Hong Kong (2800)	320,000	0.0086	8,072	7,770	0.40
Bank of China Limited (3988)	1,400,000	0.0017	3,776	3,360	0.17
Total for equity investments at fair value through profit or loss			<u>70,672</u>	<u>64,467</u>	<u>3.31</u>

Information on the performance of the Group's equity investments at fair value through profit or loss for the Period was as below:

	<b>Net unrealized fair value losses</b> <i>HK\$'000</i>	<b>Dividend income</b> <i>HK\$'000</i>
Stocks listed on the stock exchange of Hong Kong	(4,896)	932

Securities trading segment recorded a loss of HK\$3,583,000 for the Period, which slightly increased by 5.3% compared to HK\$3,402,000 last period. The segment loss for the Period was mainly due to net unrealized losses of HK\$4,896,000 on equity investments at fair value through profit or loss incurred for the Period (2019: HK\$4,127,000).

### **Contingent Liabilities**

As at 30 September 2020, the Company had outstanding guarantees of HK\$190,000,000 (31 March 2020: HK\$190,000,000) given to banks to secure general credit facilities for certain subsidiaries. No credit facilities (31 March 2020: Nil) were utilized by the subsidiaries from such guarantees at the end of the reporting period.

### **Charge on the Group's Assets**

As at 30 September 2020, some of the Group's land and buildings as well as investment properties with an aggregate carrying amount of HK\$311,121,000 (31 March 2020: HK\$317,470,000), some of the Group's trade receivables (rental) with a carrying amount of HK\$1,396,000 (31 March 2020: HK\$1,560,000) and the Group's equity investments with a carrying amount of HK\$64,467,000 (31 March 2020: HK\$14,119,000) were pledged to banks and securities dealers for loan facilities worth HK\$217,893,000 (31 March 2020: HK\$178,945,000) granted to the Group. As at 30 September 2020, no loan facilities (31 March 2020: Nil) were utilized by the Group.

### **Liquidity and Financial Resources**

As at 30 September 2020, the Group had net current assets of HK\$981,356,000 (31 March 2020: HK\$1,014,827,000) and equity attributable to owners of the Company worth HK\$1,569,021,000 (31 March 2020: HK\$1,617,227,000).

The Group's cash and cash equivalents of HK\$412,091,000 (31 March 2020: HK\$438,811,000) were held predominately in Hong Kong dollar, Singapore dollar and United States dollar as at 30 September 2020.

A loan advanced from a non-controlling shareholder of the Group's subsidiary as at 30 September 2020 was approximately HK\$71,823,000 (31 March 2020: HK\$71,823,000). The loan was denominated in United States dollar, which was unsecured, interest-free and repayable on demand.

As at 30 September 2020, the Group's gearing ratio, calculated as total indebtedness divided by equity attributable to owners of the Company, was 0.07 (31 March 2020: 0.07). Total indebtedness represents a loan advanced from a non-controlling shareholder of the Group's subsidiary, amounts due to an intermediate holding company and a related company and lease liabilities.

## **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.

### *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 97.2% of the total loan portfolio as at 30 September 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 30 September 2020, the Group had a total of 33 staff (31 March 2020: 33) in Hong Kong. The Group's total staff costs (including directors' emoluments) for the Period was HK\$10,020,000 (2019: HK\$10,059,000). 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 30 September 2020, the Group had 386,640,000 outstanding share options granted to eligible directors and employees of the Group.

### **Prospects**

Overshadowed by many travel restrictions and aggravated business environment, the market will remain highly uncertain, but the Group has always believed in long-term view. We believe the pandemic, indeed, offers the world an opportunity to build stronger economies by improving the infrastructures, exploring new business areas and creating jobs at a relatively lower opportunity cost than in the pre-COVID times.

As such, the Group will continue to exercise due care and prudence in our business operations and be selective with our investments to make sure our projects can deliver sustainable level of revenue and profit for our shareholders.

### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

### **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") throughout the six months ended 30 September 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 six months ended 30 September 2020.

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results for the six months ended 30 September 2020 have been reviewed by the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Board, through the audit committee, has also conducted a review of the internal control and the interim report for the six months ended 30 September 2020.

On behalf of the Board  
**Ng Wee Keat**  
*Chairman*

Hong Kong, 26 November 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.*