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New Century Group Hong Kong Limited
新世紀集團香港有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 234)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 2021 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
REVENUE	5	100,360	145,364
Cost of services provided		<u>(15,668)</u>	<u>(19,499)</u>
Gross profit		84,692	125,865
Other income	5	4,131	12,044
Administrative and operating expenses		(75,793)	(50,585)
Foreign exchange differences, net		1,269	(2,393)
Deficit on revaluation of cruise ships		(66,713)	(172)
Fair value losses on investment properties, net		(19,486)	(24,634)
Finance costs		(10)	(5)
Reversal of/(provision for) impairment losses on loan and interest receivables	12	1,050	(1,971)
Provision for impairment loss on repossessed asset		<u>(300)</u>	<u>–</u>

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

Year ended 31 March 2021

	Notes	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PROFIT/(LOSS) BEFORE TAX	6	(71,160)	58,149
Income tax expense	7	<u>(8,775)</u>	<u>(9,514)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(79,935)</u>	<u>48,635</u>
Attributable to:			
Owners of the Company		(56,712)	15,461
Non-controlling interests		<u>(23,223)</u>	<u>33,174</u>
		<u>(79,935)</u>	<u>48,635</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		<u>HK(0.98) cents</u>	<u>HK0.27 cents</u>
Diluted		<u>HK(0.98) cents</u>	<u>HK0.27 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	(79,935)	48,635
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	<u>20,338</u>	<u>(21,582)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Surplus/(deficit) on revaluation of cruise ships	7,085	(7,787)
Surplus on revaluation of a property	–	8,097
Change in fair value of equity investment designated at fair value through other comprehensive income	<u>1,944</u>	<u>(39)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>9,029</u>	<u>271</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>29,367</u>	<u>(21,311)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(50,568)</u>	<u>27,324</u>
Attributable to:		
Owners of the Company	<u>(34,686)</u>	(979)
Non-controlling interests	<u>(15,882)</u>	<u>28,303</u>
	<u>(50,568)</u>	<u>27,324</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		252,290	338,070
Investment properties		540,780	551,576
Equity investment designated at fair value through other comprehensive income		3,457	1,513
Prepayments and other receivables	11	461	434
Loan receivables	12	87,770	133,065
		<hr/>	<hr/>
Total non-current assets		884,758	1,024,658
CURRENT ASSETS			
Trade receivables	13	43,413	116,538
Loan and interest receivables	12	571,490	553,717
Prepayments, deposits and other receivables	11	5,916	5,639
Non-current asset held for sale	10	27,195	–
Repossessed assets		46,517	14,132
Equity investments at fair value through profit or loss		96,537	14,119
Tax recoverable		159	1,042
Cash and cash equivalents		454,297	438,811
		<hr/>	<hr/>
Total current assets		1,245,524	1,143,998
CURRENT LIABILITIES			
Accruals, other payables and deposits received	14	29,765	16,664
Lease liabilities		171	140
Financial liabilities at fair value through profit or loss		–	391
Tax payable		876	153
Due to the intermediate holding company		40,000	40,000
Loan advanced from a non-controlling shareholder of the Group's subsidiary		71,823	71,823
		<hr/>	<hr/>
Total current liabilities		142,635	129,171
NET CURRENT ASSETS		1,102,889	1,014,827
TOTAL ASSETS LESS CURRENT LIABILITIES		1,987,647	2,039,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*continued*)

31 March 2021

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Deposits received	14	3,094	3,386
Lease liabilities		141	81
Deferred tax liabilities		18,520	19,558
		<hr/>	<hr/>
Total non-current liabilities		21,755	23,025
		<hr/>	<hr/>
Net assets		1,965,892	2,016,460
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		14,451	14,451
Reserves		1,568,090	1,602,776
		<hr/>	<hr/>
		1,582,541	1,617,227
Non-controlling interests		383,351	399,233
		<hr/>	<hr/>
Total equity		1,965,892	2,016,460
		<hr/> <hr/>	<hr/> <hr/>

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 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 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 2021. 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

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</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) 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.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. 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 hedging relationships.
- (d) 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 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 for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any impact on the financial position and performance of the Group as the Group did not receive rent concessions as a result of the covid-19 pandemic.
- (e) 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, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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.

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, an amount due to the intermediate holding company, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Revenue from external customers	74,303	70,636	-	64,175	16,268	19,316	9,789	(8,763)	100,360	145,364
Intersegment sales	-	-	-	-	3,071	3,071	-	-	3,071	3,071
Other income	1,078	317	-	-	875	62	1	36	1,954	415
	75,381	70,953	-	64,175	20,214	22,449	9,790	(8,727)	105,385	148,850
<i>Reconciliation:</i>										
Elimination of intersegment sales									(3,071)	(3,071)
Total revenue and other income									102,314	145,779
Segment results	61,801	55,714	(112,325)	40,757	(5,896)	(9,146)	9,776	(8,746)	(46,644)	78,579
<i>Reconciliation:</i>										
Bank interest income									1,033	10,919
Dividend income from equity investment designated at fair value through other comprehensive income									-	710
Corporate and other unallocated income									1,144	-
Corporate and other unallocated expenses									(26,693)	(32,059)
Profit/(loss) before tax									(71,160)	58,149

	Money lending		Cruise ship charter services		Property investments		Securities trading		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	709,274	705,068	147,630	210,134	546,588	554,357	136,365	118,349	1,539,857	1,587,908
<i>Reconciliation:</i>										
Elimination of intersegment receivables									(180)	(180)
Corporate and other unallocated assets									<u>590,605</u>	<u>580,928</u>
Total assets									<u><u>2,130,282</u></u>	<u><u>2,168,656</u></u>
Segment liabilities	8,717	1,878	17,513	11,147	5,292	5,392	-	391	31,522	18,808
<i>Reconciliation:</i>										
Elimination of intersegment payables									(180)	(180)
Corporate and other unallocated liabilities									<u>133,048</u>	<u>133,568</u>
Total liabilities									<u><u>164,390</u></u>	<u><u>152,196</u></u>
Other segment information:										
Depreciation	142	-	15,668	19,499	-	-	-	-	15,810	19,499
Fair value losses on investment properties, net	-	-	-	-	19,486	24,634	-	-	19,486	24,634
Deficit on revaluation of cruise ships, net	-	-	59,628	7,959	-	-	-	-	59,628	7,959
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	-	-	-	-	-	-	(8,079)	9,735	(8,079)	9,735
Fair value losses/(gains) on financial assets/liabilities at fair value through profit or loss	-	-	-	-	-	-	(391)	391	(391)	391
Provision for/(reversal of) impairment losses on loan and interest receivables	(1,050)	1,971	-	-	-	-	-	-	(1,050)	1,971
Provision for impairment loss on repossessed asset	300	-	-	-	-	-	-	-	300	-
Capital expenditure*	567	-	11,770	6,981	-	-	-	-	12,337	6,981

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

Geographical information

(a) Revenue from external customers and other income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	100,280	79,708
Southeast Asia except Hong Kong	<u>2,034</u>	<u>66,071</u>
	<u><u>102,314</u></u>	<u><u>145,779</u></u>

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

(b) Non-current assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	610,586	685,289
Southeast Asia except Hong Kong	<u>270,715</u>	<u>337,856</u>
	<u><u>881,301</u></u>	<u><u>1,023,145</u></u>

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.

Information about a major customer

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A ¹	<u><u>–</u></u>	<u><u>64,175</u></u>

¹ Revenue from the provision of cruise ship charter services

5. REVENUE AND OTHER INCOME

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 is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Interest income from secured mortgage loans and unsecured personal loans	74,303	70,636
Cruise ship charter service income	–	64,175
Gross rental income from investment properties	16,268	19,316
Fair value gains/(losses) on equity investments at fair value through profit or loss	8,079	(9,735)
Fair value gains/(losses) on financial assets/liabilities at fair value through profit or loss	391	(391)
Dividend income from equity investments at fair value through profit or loss	1,319	1,363
	<u>100,360</u>	<u>145,364</u>
Other income		
Bank interest income	1,033	10,919
Government subsidies (<i>Note</i>)	2,191	–
Dividend income from equity investment designated at fair value through other comprehensive income	–	710
Others	907	415
	<u>4,131</u>	<u>12,044</u>

Note:

Being wage subsidies provided by the Government of Hong Kong Special Administrative Region under the Employment Support Scheme during the year. 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):

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Depreciation		23,048	26,901
Auditor's remuneration		1,620	1,620
Employee benefit expense (including directors' remuneration):			
Salaries and allowances		20,112	21,676
Pension scheme contributions		956	967
Total staff costs		21,068	22,643
Lease payments not included in the measurement of lease liabilities		275	181
Foreign exchange differences, net		(1,269)	2,393
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		2,758	2,670
Fair value losses on investment properties, net		19,486	24,634
Provision for/(reversal of) impairment losses on loan and interest receivables	12	(1,050)	1,971
Provision for impairment loss on repossessed asset		300	–

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 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 2019/2020. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this 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.

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	9,636	9,015
Underprovision in prior years	46	13
Current – Elsewhere		
Charge for the year	130	160
Underprovision/(overprovision) in prior years	1	(19)
Deferred	(1,038)	345
	<hr/>	<hr/>
Total tax charge for the year	8,775	9,514
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

9. 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 year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 5,780,368,705 (2020: 5,780,368,705) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 March 2021 and 2020 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 earnings/(loss) per share is based on:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	<u>(56,712)</u>	<u>15,461</u>
	2021	2020
Shares		
Number of ordinary shares in issue during the year, used in the basic earnings/(loss) per share calculation	<u>5,780,368,705</u>	<u>5,780,368,705</u>

10. NON-CURRENT ASSET HELD FOR SALE

In March 2021, a potential cruise ship buyer approached the Group for purchasing the cruise ship “Leisure World” and the board of directors were then committed to a plan to sell the cruise ship. As of the end of the reporting period, the board of directors considered that the disposal transaction is highly probable and will complete within one year. The cruise ship under the cruise ship charter services operating segment has been classified as non-current asset held for sale in the consolidated statement of financial position as at 31 March 2021.

On 22 April 2021, the Group, through an indirect non-wholly owned subsidiary, entered into a sale and purchase agreement with an independent third party to dispose of the cruise ship for a cash consideration of approximately US\$3,592,000 (equivalent to approximately HK\$27,909,000) (the “Cruise Ship Disposal”). The transaction was completed on 25 May 2021. Further details of the disposal were included in the Company’s announcement dated 22 April 2021.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	1,578	2,150
Deposits and other receivables	<u>4,799</u>	<u>3,923</u>
	6,377	6,073
Less: Non-current portion	<u>(461)</u>	<u>(434)</u>
Current portion	<u>5,916</u>	<u>5,639</u>

Deposits and other receivables mainly represented rental deposits, building management fee deposits and professional fees paid on behalf of borrowers. 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 2021 and 2020, the loss allowances were assessed to be minimal.

12. LOAN AND INTEREST RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan and interest receivables	661,861	690,433
Less: Provision for impairment losses on loan and interest receivables	<u>(2,601)</u>	<u>(3,651)</u>
Loan and interest receivables, net of provision	659,260	686,782
Less: Non-current portion	<u>(87,770)</u>	<u>(133,065)</u>
Current portion	<u><u>571,490</u></u>	<u><u>553,717</u></u>

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\$21,869,000 (2020: HK\$29,927,000) as at 31 March 2021, 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 provision for impairment losses on loan and interest receivables are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of the year	3,651	1,680
Provision for/(reversal of) impairment losses on loan and interest receivables (<i>note 6</i>)	<u>(1,050)</u>	<u>1,971</u>
At the end of the year	<u><u>2,601</u></u>	<u><u>3,651</u></u>

As at 31 March 2021, loan and interest receivables of HK\$6,360,000 (2020: HK\$8,131,000) were past due. Except for overdue personal loan and interest receivables of HK\$1,105,000 (2020: HK\$503,000) with no collateral, the remaining overdue balances of HK\$5,255,000 (2020: HK\$7,628,000) 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 and not impaired.

For loan and interest receivables that are not credit-impaired and without a significant increase in credit risk since initial recognition (“Stage 1”), expected credit loss (“ECL”) 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 2021, a total provision of HK\$1,728,000 (2020: HK\$2,541,000) 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 2021, loan and interest receivables with an aggregate amount of HK\$54,381,000 (2020: HK\$100,633,000) were in default under Stage 3 lifetime ECL and a provision of HK\$873,000 (2020: HK\$1,110,000) was made.

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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	571,490	553,717
Over 1 year and within 5 years	44,507	84,036
Over 5 years	43,263	49,029
	<u>659,260</u>	<u>686,782</u>

13. TRADE RECEIVABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	43,413	116,538
	<u>43,413</u>	<u>116,538</u>

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\$14,436,000 (2020: HK\$16,309,000). Except for trade receivables of HK\$39,828,000 (2020: HK\$104,230,000) due from security dealers which bear interest at floating rates and trade receivables of HK\$3,585,000 (2020: HK\$1,854,000) due from tenants which bear interest at fixed rates on overdue amount, 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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	40,242	105,958
1 to 2 months	349	4,238
2 to 3 months	349	6,276
Over 3 months	2,473	66
	43,413	116,538

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 2021, certain subsidiaries have pledged trade receivables with an aggregate carrying value of HK\$3,462,000 (2020: HK\$1,560,000) to secure banking facilities granted.

14. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accruals	1,933	2,280
Other payables and deposits received	30,926	17,770
	32,859	20,050
Portion classified as non-current liabilities	(3,094)	(3,386)
Current portion	29,765	16,664

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

15. EVENT AFTER THE REPORTING PERIOD

The Cruise Ship Disposal, which was completed on 25 May 2021, is expected to result in a total gain on disposal before tax of approximately US\$92,000 (equivalent to approximately HK\$714,000) and the Group's share of relevant aggregate revaluation surplus of HK\$4,730,000 included in the asset revaluation reserve is expected to be transferred to retained profits.

CHAIRMAN’S STATEMENT

On behalf of New Century Group Hong Kong Limited (the “Company”), I would like to present to you the annual results of the Company and its subsidiaries (“New Century” or the “Group”) for the year ended 31 March 2021 (the “Year”).

To nobody’s surprise, 2020 has been an unprecedented year with the outbreak of COVID-19, which changed the way we live and interact. Fortunately, following the economic contraction last year, the global economy has started to pick up and is expected to grow by 6% in 2021 according to the International Monetary Fund. Hong Kong, too, was benefited from the ongoing vaccine rollout and government stimulus – the real gross domestic product resumed at a year-on-year growth of 7.9% in the first quarter of 2021 owing to the strong growth of exports of goods.

Navigating Our Way Through Uncertainty

Headquartered in Hong Kong, the Group has not been immune to the ravages of the social unrest and COVID-19. During the Year, the Group’s revenue dropped 31.0% and we recorded a loss attributable to owners of HK\$56,712,000 as compared to a profit of HK\$15,461,000 last year.

As a relatively new revenue driver, our money lending business outperformed other segments and recorded an increase in profit by 10.9% to HK\$61,801,000, making stable contribution to the Group amid uncertainties and pressure arising from the external environment.

However, ever since the COVID-19 pandemic began last year, our cruise ship charter services business was the worst hit among all our businesses. With governments in Singapore and Malaysia protecting their borders through stringent measures, our two cruise ships have been halted sailing from mid-March 2020 onward, causing no charter fee received and the segment recorded a loss of HK\$112,325,000 for the Year. Seeing no near-term resolution, we had to make a difficult decision to reduce our exposure to the cruise ship charter market. Therefore, on 22 April 2021, we entered into an agreement to dispose one of our two cruise ships, namely “Leisure World”, at a consideration of approximately US\$3,592,000 (equivalent to approximately HK\$27,909,000). The disposal was completed on 25 May 2021 and enables us to better allocate our resources on other business segments in the future.

We know we are not alone fighting through challenges brought by the social, economic and pandemic crises. We have been stepping up our efforts to help the tenants of our Hong Kong and Singapore properties by granting them rent concessions of at least 10% since September 2019 and March 2020 respectively. Despite the difficult conditions of the commercial leasing market, our occupancy rate stood strong at 99.7% this Year.

Outlook

2020 might not be a good year, but it brought out the best of us. Moving forward, the near-term outlook for the global economy is closely tied to the development of the COVID-19 pandemic situation. Nevertheless, the rolling out of vaccines worldwide gives us confidence that we will return to our normal lives gradually. We believe the pandemic crisis today will reshape our future for years to come, and we should grasp this opportunity to build a diversified portfolio that delivers sustainable growth and builds a stable earnings stream for our shareholders. To do so, our executive team will cautiously monitor the COVID-19 development and determine the measures to minimize any impacts on our existing operations while seeking new potential investment opportunities from the evolving environment.

Finally, I would like to thank the management team and our staff members for their efforts and hard work to sustain our businesses through all these unprecedented challenges. I would also like to thank our shareholders, investors, business partners and clients for their continued confidence and support.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The Group's revenue amounted to HK\$100,360,000 for the Year, representing a decrease of 31.0% compared to HK\$145,364,000 last year. The decrease in the Group's revenue was mainly attributable to (i) no charter service income from cruise ships received during the Year (2020: HK\$64,175,000) and (ii) a decrease in rental income from investment properties from HK\$19,316,000 last year to HK\$16,268,000 for the Year despite (i) an increase in interest income from money lending business from HK\$70,636,000 last year to HK\$74,303,000 for the Year and (ii) revenue of HK\$9,789,000 (2020: negative revenue of HK\$8,763,000) from securities trading for the Year.

Other Income

Other income totalled HK\$4,131,000 for the Year, representing a decrease of 65.7% compared to HK\$12,044,000 last year. This was mainly due to a decrease in bank interest income from HK\$10,919,000 last year to HK\$1,033,000 for the Year as a result of decrease in interest rate offered by banks and a decrease in average bank balance after acquisition of 60% equity interest in ETC Finance Limited, a licensed money lender in Hong Kong, on 30 September 2019. During the Year, the Group received government subsidies amounting to HK\$2,191,000 (2020: Nil) under the Employment Support Scheme launched by the Government of Hong Kong Special Administrative Region.

Administrative and Operating Expenses

Administrative and operating expenses were HK\$75,793,000 for the Year, which increased by 49.8% compared to HK\$50,585,000 last year. The increase was mainly due to (i) special subsidies amounting to HK\$31,153,000 (2020: HK\$1,252,000) paid to the charterer for the maintenance of the Group's two cruise ships in a safe, hygienic and operational conditions during the suspension of their operations subsequent to the global outbreak of COVID-19 and (ii) an increase in advertising and promotion expenses in money lending business from HK\$4,216,000 last year to HK\$5,587,000 this Year. The increase in administrative and operating expenses was partially netted off by (i) a decrease in legal and professional fees from HK\$2,985,000 last year to HK\$812,000 for the Year which was attributable to external legal and financial advisory services provided on the acquisition of 60% equity interest in ETC Finance Limited on 30 September 2019 and (ii) a decrease in employee benefit expense (including directors' remuneration) from HK\$22,643,000 last year to HK\$21,068,000 for the Year.

Deficit on Revaluation of Cruise Ships

At the end of the reporting date, the cruise ships were revalued at fair value with the revaluation deficit of HK\$66,713,000 (2020: HK\$172,000) recognised in the consolidated statement of profit or loss for the Year.

Fair Value Losses on Investment Properties

The Group recorded fair value losses of HK\$19,486,000 for the Year (2020: HK\$24,634,000) for investment properties in Hong Kong and Singapore.

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

The reversal of impairment losses of HK\$1,050,000 for the Year (2020: provision for impairment loss of HK\$1,971,000) was attributable to the decrease in provision for impairment losses on unsecured personal loan and interest receivables, which was in line with the decrease in unsecured personal loan portfolio.

Provision for Impairment Loss on Repossessed Asset

The Group recorded a provision for impairment loss of HK\$300,000 (2020: Nil) on repossessed asset for the Year.

Profit/(Loss) for the Year

The Group recorded a loss attributable to owners of the Company of HK\$56,712,000 for the Year compared to a profit of HK\$15,461,000 last year. The turnaround from profit to loss was principally due to that (i) there was no cruise ship charter service income received for the Year (2020: HK\$64,175,000); (ii) special subsidies amounting to HK\$31,153,000 (2020: HK\$1,252,000) were paid to the charterer of cruise ships for the Year; and (iii) deficit of HK\$66,713,000 (2020: HK\$172,000) on revaluation of cruise ships recognised in the consolidated statement of profit or loss for the Year as a result of the suspension of cruise ship operation of the Group's charterer following the pandemic crisis.

Business Review

Money Lending

Since early 2020, the COVID-19 pandemic has hit the global and local economies hard. Shadowed by increasing uncertainty, the Group strived to streamline its loan portfolio mix and stringent credit control to reduce its exposure to high-risk loans. However, the weak economic environment subdued investor sentiment in property and business investments, which led to a lower demand for our loan products. As at 31 March 2021, the Group's total gross loan and interest receivables was decreased by 4.1% to HK\$661,861,000 (2020: HK\$690,433,000). The gross secured mortgage loan and interest receivables slightly decreased by 3.1% to HK\$639,992,000 (2020: HK\$660,506,000) while the gross unsecured personal loan and interest receivables decreased by 26.9% to HK\$21,869,000 (2020: HK\$29,927,000).

Despite the decrease in total gross receivables of mortgage loan and unsecured personal loan, the Group recorded a steady 5.2% increase in interest income to HK\$74,303,000 for the Year, as compared to HK\$70,636,000 last year. The interest income from secured mortgage loans increased by 8.3% from HK\$64,145,000 last year to HK\$69,474,000 for the Year, whereas interest income from unsecured personal loans decreased by 25.6% from HK\$6,491,000 last year to HK\$4,829,000 for the Year. The increase in interest income from secured mortgage loans was principally due to the increase in interest rate charged to borrowers in new transactions. The decrease in interest income from unsecured personal loans was in line with the decrease in gross unsecured personal loan receivable.

Together with the contributions from (i) the government subsidy of HK\$1,057,000 (2020: Nil) granted under the Employment Support Scheme in Hong Kong and (ii) the reversal of impairment losses on unsecured personal loan and interest receivables of HK\$1,050,000 (2020: provision for impairment loss of HK\$1,971,000), which were partly offset by an increase in advertising and promotion expenses by 32.5% to HK\$5,587,000 for the Year (2020: HK\$4,216,000), the segment profit increased by 10.9% to HK\$61,801,000 for the Year (2020: HK\$55,714,000).

Cruise Ship Charter Services

During the Year, the global outbreak of COVID-19 continued to severely impact the Group's cruise ship charter services of the 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 continuing suspension of the cruise ship operation of the charterer for "Leisure World" and "Aegean Paradise". During the suspension, an exemption for payment of charter fees 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 Year amounted to HK\$31,153,000 (2020: HK\$1,252,000).

In order to comply with requirements of the classification society, "Aegean Paradise" was arranged to go into dry dock between June and July 2020 and capital expenditure of HK\$11,770,000 was incurred. At the end of the reporting date, the two cruise ships were revalued by an independent professionally qualified valuer. As at 31 March 2021, the carrying amount of "Leisure World" and "Aegean Paradise" were HK\$27,195,000 (2020: HK\$28,080,000) and HK\$120,435,000 (2020: HK\$171,600,000) respectively. A revaluation deficit in aggregate of HK\$59,628,000 (2020: HK\$7,959,000) was recognised, of which deficit of HK\$66,713,000 (2020: HK\$172,000) has been charged to the profit or loss and surplus of HK\$7,085,000 (2020: deficit of HK\$7,787,000) has been credited (2020: charged) to other comprehensive income.

In view of the above mentioned factors, the cruise ship charter services segment recorded a significant change from a profit of HK\$40,757,000 last year to a loss of HK\$112,325,000 for the Year.

As it is unclear when the cruise ship operation will be resumed, the directors are of the view that disposal of cruise ship will not only release the Group from incurring further cash outflow and loss for the maintenance of cruise ship, but also generate additional working capital for the Group. The directors seized the opportunity of the upward price trend of steel and strong ship scrap market by disposing one of the cruise ships, "Leisure World", for demolition purpose only. On 22 April 2021, the Group entered into an agreement with an independent third party to sell "Leisure World" at a consideration of approximately US\$3,592,000 (equivalent to approximately HK\$27,909,000). The disposal was completed upon the delivery of "Leisure World" to the purchaser on 25 May 2021. For details, please refer to the Company's announcement dated 22 April 2021.

Property Investments

Following the social incidents in Hong Kong in late half of 2019 and the global pandemic since early 2020, the retail and catering businesses in the local economy were greatly affected. Therefore, the Group has granted rent concession of at least 10% of the original rents to the tenants of its Hong Kong and Singapore investment properties since September 2019 and March 2020 respectively. As a result, the Group's segment revenue from property investments dropped by 15.8% to HK\$16,268,000 for the Year (2020: HK\$19,316,000), notwithstanding that there was additional rental income of HK\$722,000 (2020: Nil) generated from the investment property at Katherine House in Hong Kong which was newly 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 of the reporting date, investment properties were revalued at fair value. Net fair value losses on investment properties of HK\$19,486,000 were recorded for the Year (2020: HK\$24,634,000). The investment properties in Hong Kong recorded fair value losses of HK\$22,900,000 (2020: HK\$32,600,000) while the investment properties in Singapore recorded fair value gains of HK\$3,414,000 (2020: HK\$7,966,000).

As a result of the aforesaid, the segment loss decreased by 35.5% to HK\$5,896,000 for the Year (2020: HK\$9,146,000).

For the Year, the Group's investment properties achieved an average occupancy rate of 99.7% (2020: 96.9%) with an average annual rental yield of 3.0% (2020: 3.4%).

Securities Trading

Securities trading segment recorded a gain of HK\$9,776,000 for the Year (2020: a loss of HK\$8,746,000). The turnaround of segment result from loss to profit was mainly due to (i) net realized and unrealized gains on equity investments at fair value through profit or loss of HK\$8,079,000 for the Year (2020: net realized and unrealized losses of HK\$9,735,000); (ii) fair value gains of HK\$391,000 on derivative financial instruments for the Year (2020: fair value losses of HK\$391,000); and (iii) dividend income of HK\$1,319,000 generated from equity investments at fair value through profit or loss for the Year (2020: HK\$1,363,000).

The Group's portfolio of securities mainly consisted of the blue chips in the Hong Kong stock market. As at 31 March 2021, the Group's equity investments at fair value through profit or loss amounted to HK\$96,537,000 (2020: HK\$14,119,000). There were no individual equity investments held by the Group with market value more than 5% of the net assets value of the Group. The details of the Group's equity investments as at 31 March 2021 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 <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Percentage to net assets value of the Group
The Hong Kong and China Gas Company Limited (0003)	960,000	0.0054	11,444	11,808	0.60
Power Assets Holdings Limited (0006)	80,000	0.0037	3,302	3,672	0.19
Henderson Land Development Company Limited (0012)	160,000	0.0033	5,477	5,584	0.28
Hong Kong Exchanges and Clearing Limited (0388)	2,000	0.0002	528	915	0.05
China Tower Corporation Limited (0788)	12,000,000	0.0257	14,592	13,800	0.70
China Construction Bank Corporation (0939)	1,800,000	0.0007	10,314	11,772	0.60
China Mobile Limited (0941)	702,800	0.0034	33,917	35,808	1.82
Ping An Insurance (Group) Company of China, Ltd. (2318)	10,000	0.0001	881	925	0.05
Tracker Fund of Hong Kong (2800)	190,000	0.0058	4,749	5,445	0.28
Bank of China Limited (3988)	2,300,000	0.0028	6,183	6,808	0.34
			91,387	96,537	4.91
Total for equity investments at fair value through profit or loss					

Contingent Liabilities

As at 31 March 2021, the Company had outstanding guarantees of HK\$190,000,000 (2020: HK\$190,000,000) given to banks to secure general credit facility for certain subsidiaries. No credit facility (2020: Nil) was utilized by subsidiaries from such guarantees at the end of the reporting period.

Charge on the Group's Assets

As at 31 March 2021, some of the Group's land and buildings as well as investment properties with an aggregate carrying amount of HK\$305,773,000 (2020: HK\$317,470,000), some of the Group's trade receivables (rental) with a carrying amount of HK\$3,462,000 (2020: HK\$1,560,000) and the Group's equity investments with a carrying amount of HK\$96,537,000 (2020: HK\$14,119,000) were pledged to banks and securities dealers for loan facilities worth HK\$231,846,000 (2020: HK\$178,945,000) granted to the Group. As at 31 March 2021, no loan facility (2020: Nil) was utilized by the Group.

Liquidity and Financial Resources

The Group maintained a sound financial condition. As at 31 March 2021, the Group had net current assets of HK\$1,102,889,000 (2020: HK\$1,014,827,000) and equity attributable to owners of the Company worth HK\$1,582,541,000 (2020: HK\$1,617,227,000).

As at 31 March 2021, the cash and cash equivalents of the Group were HK\$454,297,000 (2020: HK\$438,811,000), which 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 as at 31 March 2021 was approximately HK\$71,823,000 (2020: HK\$71,823,000). The loan was denominated in United States dollar, which was unsecured, interest-free and repayable on demand.

The Group had an amount due to an intermediate holding company of HK\$40,000,000 (2020: HK\$40,000,000) as at 31 March 2021. The balance was unsecured, interest-free and repayable on demand.

At the end of the reporting date, the Group's gearing ratio, calculated as total indebtedness divided by equity attributable to owners of the Company, was 7.1% (2020: 6.9%). Total indebtedness represents a loan advanced from a non-controlling shareholder of the Group's subsidiary, amount due to an intermediate holding company and lease liabilities.

Stringent cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. Taking into consideration the Group's current financial resources, the directors believe that the Group will have adequate fund for its continual operation and development.

Capital Expenditure

Capital expenditure amounted to HK\$12,615,000 for the Year, which mainly consisted of HK\$11,770,000 for dry docking of the cruise ship "Aegean Paradise" and HK\$540,000 for purchase of automated compliance management system for money lending business.

Principal Risks and Uncertainties

Equity Price Risk

The Group is exposed to equity price risk through its investments in securities, which are listed on the stock exchange of Hong Kong and are valued at quoted market prices at the end of the reporting period. The management manages this exposure by monitoring the price movements and the changes in market conditions that may affect the value of the investments and will consider taking appropriate actions to minimize the risk.

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

The Group mainly focuses on conducting lease and loan transactions with high quality customers and obtaining sufficient collaterals, if applicable, as a means of mitigating the risk of financial loss from defaults. In order to minimize the credit risk, the Group's management continues to monitor the level of risk exposure to ensure that the Group can recover any overdue debts. The Group will consider taking legal actions, when necessary, as a means to recover the debts in default. In addition, the Group reviews the recoverable amount of each individual debt, including but not limited to rental receivables, secured mortgage loan and interest receivables and unsecured personal loan and interest receivables at the end of each reporting period to ensure that adequate impairment losses are provided for irrecoverable amounts. In the opinion of the directors, the credit risk is significantly reduced.

Human Resources

As at 31 March 2021, the Group had a total of 32 staff (2020: 33) in Hong Kong. The employee benefit expense (including directors' emoluments) was HK\$21,068,000 (2020: HK\$22,643,000) for the Year. Remuneration packages for employees and directors are structured according to market terms as well as individual's and the Group's performance. Benefits plans maintained by the Group include mandatory provident fund scheme, medical insurance, share option scheme and discretionary bonuses. As at 31 March 2021, the Group had 132,800,000 (2020: 386,640,000) outstanding share options granted to eligible directors and employees of the Group.

Event After the Reporting Period

Disposal of cruise ship – Leisure World

On 22 April 2021, the Group, through an indirect non-wholly owned subsidiary, entered into an agreement with an independent third party to sell the cruise ship "Leisure World", which was sold for demolition purpose only, at a consideration of approximately US\$3,592,000 (equivalent to approximately HK\$27,909,000). The disposal was completed upon the delivery of "Leisure World" to the purchaser on 25 May 2021. The gain on disposal before tax is expected to be approximately US\$92,000 (equivalent to approximately HK\$714,000) and the Group's share of relevant aggregate revaluation surplus of HK\$4,730,000 included in the asset revaluation reserve is expected to be transferred to retained profits. The disposal constitutes a discloseable transaction and subject to the reporting and announcement requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). For details of the disposal, please refer to the Company's announcement dated 22 April 2021.

Closure of Register of Members

The annual general meeting of the Company is scheduled on Tuesday, 28 September 2021 (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, 23 September 2021 to Tuesday, 28 September 2021, 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 Tuesday, 21 September 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2021, save and except for the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting.

Mr. Ng Wee Keat, being the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 29 September 2020 due to the travel restrictions under COVID-19 pandemic. In his absence, Mr. Yu Wai Man, the executive director of the Company attended and took the chair of the said annual general meeting and ensured the proceedings of the meeting were conducted in order.

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 2021 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, 28 June 2021

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.