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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 2021

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

	<i>Note</i>	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
REVENUE	5	35,581	41,858
Cost of services provided		<u>(4,021)</u>	<u>(9,302)</u>
Gross profit		31,560	32,556
Other income	5	255	2,566
Administrative and operating expenses		(40,572)	(36,747)
Foreign exchange differences, net		(81)	1,204
Fair value gains/(losses) on investment properties		16,454	(20,872)
Deficit on revaluation of cruise ships		(3,070)	(56,547)
Gain on disposal of non-current asset held for sale		714	–
Reversal of impairment losses on loan and interest receivables, net		332	1,425
Reversal of impairment loss on repossessed asset		11	–
Finance costs		<u>(4)</u>	<u>(4)</u>

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)*For the six months ended 30 September 2021*

	<i>Notes</i>	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
PROFIT/(LOSS) BEFORE TAX	6	5,599	(76,419)
Income tax expense	7	<u>(4,726)</u>	<u>(4,973)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>873</u>	<u>(81,392)</u>
Attributable to:			
Owners of the Company		3,036	(59,072)
Non-controlling interests		<u>(2,163)</u>	<u>(22,320)</u>
		<u>873</u>	<u>(81,392)</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK0.05 cents</u>	<u>HK(1.02) cents</u>
Diluted		<u>HK0.05 cents</u>	<u>HK(1.02) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT/(LOSS) FOR THE PERIOD	873	(81,392)
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>(2,288)</u>	<u>13,275</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Deficit on revaluation of cruise ships	–	(799)
Change in fair value of equity investment designated at fair value through other comprehensive income	<u>(2,194)</u>	<u>967</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(2,194)</u>	<u>168</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>(4,482)</u>	<u>13,443</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(3,609)</u>	<u>(67,949)</u>
Attributable to:		
Owners of the Company	<u>(1,142)</u>	(48,206)
Non-controlling interests	<u>(2,467)</u>	<u>(19,743)</u>
	<u>(3,609)</u>	<u>(67,949)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021

		30 September 2021 (Unaudited) <i>HK\$'000</i>	31 March 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		240,758	252,290
Investment properties		555,778	540,780
Equity investment designated at fair value through other comprehensive income		1,263	3,457
Prepayments and other receivables	9	612	461
Loan receivables	10	146,426	87,770
Total non-current assets		944,837	884,758
CURRENT ASSETS			
Trade receivables	11	31,813	43,413
Loan and interest receivables	10	379,369	571,490
Prepayments, deposits and other receivables	9	4,117	5,916
Non-current asset held for sale		–	27,195
Repossessed assets		47,513	46,517
Equity investments at fair value through profit or loss		89,348	96,537
Tax recoverable		159	159
Cash and cash equivalents		550,781	454,297
Total current assets		1,103,100	1,245,524
CURRENT LIABILITIES			
Accruals, other payables, deposits received and provision	12	27,639	29,765
Lease liabilities		125	171
Tax payable		4,763	876
Due to the intermediate holding company		–	40,000
Loan advanced from a non-controlling shareholder of the Group's subsidiary		71,823	71,823
Total current liabilities		104,350	142,635

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

30 September 2021

		30 September 2021	31 March 2021
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
NET CURRENT ASSETS		998,750	1,102,889
TOTAL ASSETS LESS CURRENT LIABILITIES		1,943,587	1,987,647
NON-CURRENT LIABILITIES			
Deposits received	12	1,964	3,094
Lease liabilities		94	141
Deferred tax liabilities		19,246	18,520
Total non-current liabilities		21,304	21,755
Net assets		1,922,283	1,965,892
EQUITY			
Equity attributable to owners of the Company			
Issued capital		14,451	14,451
Reserves		1,566,948	1,568,090
Non-controlling interests		1,581,399	1,582,541
		340,884	383,351
Total equity		1,922,283	1,965,892

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 2021 were authorised for issue in accordance with a resolution of the directors on 24 November 2021.

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 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 interim condensed consolidated 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 2021.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited 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 2021, 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendment require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. The amendment 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 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 bank interest income, gain on disposal of non-current asset held for sale, 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue										
Revenue from external customers	31,624	37,008	-	-	7,795	8,423	(3,838)	(3,573)	35,581	41,858
Intersegment sales	-	-	-	-	1,535	1,535	-	-	1,535	1,535
Other income	11	733	-	-	76	214	-	-	87	947
	<u>31,635</u>	<u>37,741</u>	<u>-</u>	<u>-</u>	<u>9,406</u>	<u>10,172</u>	<u>(3,838)</u>	<u>(3,573)</u>	<u>37,203</u>	<u>44,340</u>
<i>Reconciliation:</i>										
Elimination of intersegment sales									(1,535)	(1,535)
									<u>35,668</u>	<u>42,805</u>
Segment results	<u>26,341</u>	<u>33,317</u>	<u>(27,462)</u>	<u>(80,040)</u>	<u>22,529</u>	<u>(13,931)</u>	<u>(3,857)</u>	<u>(3,583)</u>	<u>17,551</u>	<u>(64,237)</u>
<i>Reconciliation:</i>										
Bank interest income									161	835
Gain on disposal of non-current asset held for sale									714	-
Corporate and other unallocated income									7	784
Corporate and other unallocated expenses									(12,834)	(13,801)
Profit/(loss) before tax									<u>5,599</u>	<u>(76,419)</u>

5. REVENUE AND OTHER INCOME

Revenue represents interest income from mortgage loans and unsecured personal loans, 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 period.

An analysis of revenue and other income is as follows:

	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue		
Interest income from mortgage loans and unsecured personal loans	31,624	37,008
Gross rental income from investment properties	7,795	8,423
Fair value losses on equity investments at fair value through profit or loss	(8,022)	(4,896)
Fair value gains on financial assets/liabilities at fair value through profit or loss	–	391
Dividend income from equity investments at fair value through profit or loss	4,184	932
	35,581	41,858
Other income		
Bank interest income	161	835
Government subsidies (<i>Note</i>)	–	1,461
Others	94	270
	255	2,566

Note:

Being wage subsidies provided by the Government of the Hong Kong Special Administrative Region under the Employment Support Scheme during the six months ended 30 September 2020. The Group did not receive any government subsidies for the six months ended 30 September 2021.

6. PROFIT/(LOSS) BEFORE TAX

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

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Depreciation	7,789	12,994
Employee benefit expense (including directors' remuneration)	8,785	10,020
Reversal of impairment losses on loan and interest receivables, net	(332)	(1,425)
Reversal of impairment loss on repossessed asset	(11)	–
Special subsidies to the charterer of cruise ships	20,248	15,345
Gain on disposal of non-current asset held for sale	(714)	–
	—————	—————

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 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 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Current – Hong Kong		
Charge for the period	4,000	5,184
Deferred	726	(211)
	—————	—————
Total tax charge for the period	4,726	4,973
	—————	—————

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 (2020: 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 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 and diluted earnings/(loss) per share is based on:

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculation	<u>3,036</u>	<u>(59,072)</u>
	2021 (Unaudited)	2020 (Unaudited)
Shares		
Number of ordinary shares in issue during the period, used in the basic and diluted earnings/(loss) per share calculation	<u>5,780,368,705</u>	<u>5,780,368,705</u>

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2021 (Unaudited) <i>HK\$'000</i>	31 March 2021 (Audited) <i>HK\$'000</i>
Prepayments	986	1,578
Deposits and other receivables	<u>3,743</u>	<u>4,799</u>
	4,729	6,377
Less: Non-current portion	<u>(612)</u>	<u>(461)</u>
Current portion	<u>4,117</u>	<u>5,916</u>

Deposits and other receivables mainly represented 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 30 September 2021 and 31 March 2021, the loss allowances were assessed to be minimal.

10. LOAN AND INTEREST RECEIVABLES

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Loan and interest receivables	527,746	661,861
Less: Provision for impairment losses on loan and interest receivables	<u>(1,951)</u>	<u>(2,601)</u>
Loan and interest receivables, net of provision	525,795	659,260
Less: Non-current portion	<u>(146,426)</u>	<u>(87,770)</u>
Current portion	<u><u>379,369</u></u>	<u><u>571,490</u></u>

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

As at 30 September 2021, except for loan and interest receivables of HK\$17,725,000 (31 March 2021: HK\$21,869,000), 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:

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Current	379,369	571,490
Over 1 year and within 5 years	94,863	44,507
Over 5 years	<u>51,563</u>	<u>43,263</u>
	<u><u>525,795</u></u>	<u><u>659,260</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\$11,552,000 (31 March 2021: HK\$14,436,000). Except for trade receivables of HK\$31,691,000 (31 March 2021: HK\$39,828,000) due from security dealers which bear interest at floating rates, all trade receivables bear interest at a fixed rate on overdue amount.

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

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Within 1 month	31,752	40,242
1 to 2 months	61	349
2 to 3 months	–	349
Over 3 months	–	2,473
	<hr/>	<hr/>
Trade receivables	<u>31,813</u>	<u>43,413</u>

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.

The Group did not have any pledged trade receivables as at 30 September 2021. As at 31 March 2021, a subsidiary had pledged trade receivables with an aggregate carrying value of HK\$3,462,000 to secure banking facilities granted.

12. ACCRUALS, OTHER PAYABLES, DEPOSITS RECEIVED AND PROVISION

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Accruals	1,746	1,933
Other payables and deposits received	24,075	30,926
Provision for onerous contract	3,782	—
	29,603	32,859
Portion classified as non-current liabilities	(1,964)	(3,094)
Current portion	27,639	29,765

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

The provision for onerous contract relates to the Group's exposure to the unavoidable cost of meeting its obligations under the contract with the charterer, which exceeds the expected benefits expected to be received by the Group. The provision is measured at the present value of the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Hong Kong enjoyed a steady recovery in the first three quarters and is set for a 6.5% growth in 2021, indicating an upturn in business activities previously hit by the pandemic and social unrest. However, not all sectors were benefitted.

For the six months ended 30 September 2021 (the “Period”), the Company continued to face significant challenges. The suspension of the Group’s cruise ship charter service business is still in effect and no charter fee was received during the Period. In addition, its money lending business was also affected by the interest rate war in the finance services industry. As at 30 September 2021, its loan portfolio decreased by 27.0% as compared with 30 September 2020, causing a profit drop for the money lending segment. Nevertheless, as a result of the rebound in the Hong Kong and Singapore property markets and no significant revaluation deficit on cruise ships, the Group recorded a turnaround from loss to profit in this Period.

Financial Review

Revenue

The Group’s revenue amounted to HK\$35,581,000 for the Period, representing a decrease of 15.0% compared to HK\$41,858,000 last period. The decrease in the Group’s revenue was mainly attributable to (i) a decrease in interest income from money lending business from HK\$37,008,000 last period to HK\$31,624,000 for the Period; (ii) a decrease in gross rental income from investment properties from HK\$8,423,000 last period to HK\$7,795,000 for the Period; and (iii) an increase in negative revenue from securities trading business from HK\$3,573,000 last period to HK\$3,838,000 for the Period.

Other Income

Other income totalled HK\$255,000 for the Period, representing a decrease of 90.1% compared to HK\$2,566,000 last period. The decrease was mainly due to (i) a decrease in bank interest income from HK\$835,000 last period to HK\$161,000 for the Period as a result of decrease in interest rate offered by banks and (ii) no government subsidy from the Employment Support Scheme by the Government of the Hong Kong Special Administrative Region (the “Government of the HKSAR”) during the Period (2020: HK\$1,461,000).

Administrative and Operating Expenses

The Group incurred administrative and operating expenses of HK\$40,572,000 for the Period, which increased by 10.4% compared to HK\$36,747,000 last period. The increase was mainly due to an increase in special subsidies to the charterer of cruise ships from HK\$15,345,000 last period to HK\$20,248,000 this Period even though the employee benefit expense (including directors' remuneration) reduced from HK\$10,020,000 last period to HK\$8,785,000 this Period. The administrative and operating expenses mainly comprised of (i) special subsidies to the charterer for the maintenance of the Group's two cruise ships in safe, hygienic and operational conditions during the suspension of their operations; (ii) employee benefit expense (including directors' remuneration); (iii) depreciation of property, plant and equipment (excluding cruise ships); (iv) advertising and promotion expenses; (v) auditor's remuneration; and (vi) other administrative expenses.

Fair Value Gains/(Losses) on Investment Properties

For the Period, the Group recorded fair value gains of HK\$16,454,000 (2020: fair value losses of HK\$20,872,000) on investment properties in Hong Kong and Singapore, which mainly comprised of the fair value gains of HK\$15,054,000 (2020: fair value losses of HK\$4,472,000) on the investment properties in Singapore.

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\$3,070,000 (2020: HK\$56,547,000) recognised in the condensed consolidated statement of profit or loss for the Period.

Gain on Disposal of Non-Current Asset Held for Sale

The cruise ship "Leisure World" was disposed of on 25 May 2021. A gain on disposal of HK\$714,000 was recorded and the Group's share of relevant aggregate revaluation surplus realised of HK\$4,730,000 included in the asset revaluation reserve was transferred to retained profits during the Period.

Reversal of Impairment Losses on Loan and Interest Receivables, Net

Net reversal of impairment losses of HK\$332,000 (2020: HK\$1,425,000) on loan and interest receivables for the Period was attributable to a 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.

Reversal of Impairment Loss on Repossessed Asset

This was a reversal of overprovision of HK\$11,000 (2020: Nil) for impairment loss on one of repossessed assets which was disposed of during the Period.

Profit/(Loss) for the Period

The Group recorded a profit attributable to owners of the Company of HK\$3,036,000 for the Period compared to a loss attributable to owners of the Company of HK\$59,072,000 last period. The turnaround from loss to profit was principally due to (i) significant decrease in deficit on revaluation of cruise ships recognised in the condensed consolidated statement of profit or loss from HK\$56,547,000 last period to HK\$3,070,000 for the Period and (ii) fair value gains of HK\$16,454,000 (2020: fair value losses of HK\$20,872,000) on investment properties recorded for the Period.

Business Review

Money Lending

The money lending business still remains the core-profit generator. Yet, it experienced a harsh business environment during the Period where competitors offered relatively lower interest rates, which attracted not only new customers in the market, but also the Group's existing customers – causing more loan redemption made. Together with the disposal of mortgaged properties by the borrowers themselves, the Group's total gross loan and interest receivables as at 30 September 2021 decreased by 20.3% to HK\$527,746,000 (31 March 2021: HK\$661,861,000). As at 30 September 2021, the gross mortgage loan and interest receivables decreased by 20.3% to HK\$510,021,000 (31 March 2021: HK\$639,992,000) while the gross unsecured personal loan and interest receivables decreased by 19.0% to HK\$17,725,000 (31 March 2021: HK\$21,869,000).

The Group recorded a 14.5% decrease in interest income to HK\$31,624,000 for the Period, as compared to HK\$37,008,000 last period. The interest income from mortgage loans decreased by 13.8% from HK\$34,481,000 last period to HK\$29,725,000 for the Period, whereas interest income from unsecured personal loans decreased by 24.9% from HK\$2,527,000 last period to HK\$1,899,000 for the Period. As the interest rate war emerged, the decrease in interest income from the mortgage loans and unsecured personal loans were also in line with the decrease in mortgage loan receivables and unsecured personal loan receivables, respectively.

In conjunction with no government subsidy from the Employment Support Scheme by the Government of the HKSAR during the Period (2020: HK\$705,000), the segment profit decreased by 20.9% to HK\$26,341,000 (2020: HK\$33,317,000) for the Period.

Cruise Ship Charter Services

As a response to the COVID-19 pandemic, the Group has implemented a suspension of its operations of the two cruise ships, namely “Leisure World” and “Aegean Paradise”, since mid-March 2020 which consequently brought no charter income to the Group. In addition, in order to keep the cruise ships in safe, hygienic and operational conditions, daily special subsidies of S\$5,000 and S\$10,000 were paid to the charterer of “Leisure World” and “Aegean Paradise” respectively. The special subsidy for “Leisure World” was ended after the completion of its disposal on 25 May 2021, and the one for “Aegean Paradise” increased to S\$22,000 with effect from 1 August 2021. Special subsidies incurred for the Period amounted to HK\$20,248,000 (2020: HK\$15,345,000).

In order to best allocate its existing resources, the Group entered into an agreement to dispose of one of its cruise ships, “Leisure World” on 22 April 2021 at a consideration of approximately US\$3,592,000 (equivalent to approximately HK\$27,909,000). The disposal was completed on 25 May 2021, resulting in a gain on disposal of HK\$714,000. Following the disposal, no revaluation deficit of “Leisure World” (2020: HK\$4,540,000) was recorded in the condensed consolidated statement of profit or loss for the Period.

During last period, “Aegean Paradise” went into dry dock and capital expenditure of HK\$12,154,000 was incurred, resulting in revaluation deficit of HK\$52,007,000 recognised in the condensed consolidated statement of profit or loss. For the Period, there was no dry dock arrangement and revaluation deficit of HK\$3,070,000 was recorded for “Aegean Paradise” in the condensed consolidated statement of profit or loss.

Taking all the above factors into account, the cruise ship charter services segment recorded a significant decrease in loss by 65.7% from HK\$80,040,000 last period to HK\$27,462,000 for the Period.

Property Investments

Even though Hong Kong’s property market seemed to rebound in the first half of 2021, moderate declines in rent are expected to continue. The Group’s segment revenue from property investments dropped by 7.5% to HK\$7,795,000 (2020: HK\$8,423,000) for the Period. The decrease in revenue was mainly due to decrease in rental rate upon renewal of tenancy agreements of certain shop units at Kwai Chung Plaza, Kwai Chung and shop units at Dundas Square, Mongkok.

At the end of each of the reporting date, investment properties were revalued at fair value. Fair value gains of HK\$16,454,000 (2020: fair value losses of HK\$20,872,000) on investment properties were recorded for the Period. The investment properties in Hong Kong recorded fair value gains of HK\$1,400,000 (2020: fair value losses of HK\$16,400,000) for the Period while the investment properties in Singapore recorded fair value gains of HK\$15,054,000 (2020: fair value losses of HK\$4,472,000) for the Period.

As a result of the aforesaid, the segment result turned from a loss of HK\$13,931,000 last period to a profit of HK\$22,529,000 for the Period.

For the Period, the Group's investment properties achieved an average occupancy rate of 99.6% (31 March 2021: 99.7%) with an average annual rental yield of 3.0% (31 March 2021: 3.0%).

Securities Trading

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

Securities trading segment recorded a loss of HK\$3,857,000 (2020: HK\$3,583,000) for the Period, which mainly represented net realised and unrealised losses of HK\$8,022,000 (2020: HK\$4,896,000) on equity investments at fair value through profit or loss and dividend income of HK\$4,184,000 (2020: HK\$932,000) from equity investments at fair value through profit or loss.

As at 30 September 2021, the Group's equity investments at fair value through profit or loss amounted to HK\$89,348,000 (31 March 2021: HK\$96,537,000). There was no individual equity investment 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 30 September 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)	1,000,000	0.0054	11,442	11,780	0.61
Power Assets Holdings Limited (0006)	80,000	0.0037	3,302	3,656	0.19
Henderson Land Development Company Limited (0012)	240,000	0.0050	7,802	7,152	0.37
Hong Kong Exchanges and Clearing Limited (0388)	2,000	0.0002	528	959	0.05
China Construction Bank Corporation (0939)	4,800,000	0.0020	27,458	26,688	1.39
China Mobile Limited (0941)	400,000	0.0020	20,113	18,760	0.98
Tracker Fund of Hong Kong (2800)	240,000	0.0062	5,992	6,053	0.32
Bank of China Limited (3988)	5,200,000	0.0062	14,802	14,300	0.74
Total for equity investments at fair value through profit or loss			<u>91,439</u>	<u>89,348</u>	<u>4.65</u>

Contingent Liabilities

As at 30 September 2021, the Company had outstanding guarantees of HK\$130,000,000 (31 March 2021: HK\$190,000,000) given to banks to secure general credit facility for certain subsidiaries. No credit facility (31 March 2021: Nil) was utilised by subsidiaries from such guarantees at the end of the reporting period.

Charge on the Group's Assets

As at 30 September 2021, the Group's self-occupied office units and a car park at Shun Tak Centre with an aggregate carrying amount of HK\$120,424,000 (31 March 2021: HK\$122,773,000), investment properties at Kwai Chung Plaza with carrying amount of HK\$183,000,000 (31 March 2021: HK\$183,000,000), equity investments with carrying amount of HK\$89,348,000 (31 March 2021: HK\$96,537,000) and no rental receivables (31 March 2021: HK\$3,462,000) were pledged to banks and securities dealers for loan facilities worth HK\$175,880,000 (31 March 2021: HK\$231,846,000) granted to the Group. As at 30 September 2021, no loan facility (31 March 2021: Nil) was utilised by the Group.

Liquidity and Financial Resources

The Group maintained a sound financial condition. As at 30 September 2021, the Group had net current assets of HK\$998,750,000 (31 March 2021: HK\$1,102,889,000) and equity attributable to owners of the Company worth HK\$1,581,399,000 (31 March 2021: HK\$1,582,541,000).

As at 30 September 2021, the cash and cash equivalents of the Group were HK\$550,781,000 (31 March 2021: HK\$454,297,000), 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 30 September 2021 was approximately HK\$71,823,000 (31 March 2021: HK\$71,823,000). The loan was denominated in United States dollar, which was unsecured, interest-free and repayable on demand.

As at 31 March 2021, the Group had an amount due to an intermediate holding company of HK\$40,000,000 which was unsecured, interest-free and fully repaid during the Period.

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 4.6% (31 March 2021: 7.1%). 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.

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 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 recovery of each individual debt, including but not limited to rental receivables, 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 30 September 2021, the Group had a total of 32 staff (31 March 2021: 32). The employee benefit expense (including directors' remuneration) was HK\$8,785,000 (2020: HK\$10,020,000) for the Period. As the Group was still affected by outbreak of COVID-19, all executive directors and certain senior staffs of the Company voluntarily agreed to waive their basic monthly salary by 25% and 15% temporarily and respectively with effect from 1 November 2020 until further notice. 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 30 September 2021, the Group had 132,800,000 (31 March 2021: 132,800,000) outstanding share options granted to eligible directors and employees of the Group.

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 on 25 May 2021, resulting in a gain on disposal of HK\$714,000. The Group's share of relevant aggregate revaluation surplus realised of HK\$4,730,000 included in the asset revaluation reserve was transferred to retained profits. The disposal constituted 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.

Prospects

With COVID-19 still looms as a risk to the world, the Group's robust foundation helps us resist shocks over time. To remain resilient in times of turmoil, the Group will continue to focus on its scale and strength operationally and financially.

Even though the current contingencies give rise to temporary downside pressure, the Group is still confident in the prospects of Hong Kong and will continue to keep a close eye on new business opportunities in order to sharpen, develop and diversify its business portfolio in a sustainable manner.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2021, 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 Listing Rules throughout the six months ended 30 September 2021.

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 2021.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 September 2021 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 2021.

On behalf of the Board

Ng Wee Keat

Chairman

Hong Kong, 24 November 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.