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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 2024

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 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

	<i>Notes</i>	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
CONTINUING OPERATIONS			
REVENUE	5	48,697	43,772
Other income	5	8,851	7,092
Administrative and operating expenses		(21,025)	(21,507)
Foreign exchange differences, net		1	(547)
Fair value gains/(losses) on investment properties, net		(14,600)	8,320
Reversal of/(provision for) impairment losses on loan and interest receivables, net		(2,403)	339
Provision for impairment losses on repossessed assets, net		(14,263)	(353)
Finance costs		–	(1)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	5,258	37,115
Income tax expense	7	(2,876)	(5,599)

* *For identification purpose only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(continued)

For the six months ended 30 September 2024

	<i>Note</i>	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		2,382	31,516
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation		–	(531)
Gain on disposal of a subsidiary		–	9,834
		<u>–</u>	<u>9,834</u>
PROFIT FOR THE PERIOD		<u>2,382</u>	<u>40,819</u>
Attributable to:			
Owners of the Company		(4,247)	25,630
Non-controlling interests		6,629	15,189
		<u>6,629</u>	<u>15,189</u>
		<u>2,382</u>	<u>40,819</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
– For profit/(loss) for the period		<u>HK(0.07) cent</u>	<u>HK0.44 cent</u>
– For profit/(loss) from continuing operations		<u>HK(0.07) cent</u>	<u>HK0.35 cent</u>
Diluted			
– For profit/(loss) for the period		<u>HK(0.07) cent</u>	<u>HK0.44 cent</u>
– For profit/(loss) from continuing operations		<u>HK(0.07) cent</u>	<u>HK0.35 cent</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	2,382	40,819
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	9,036	(5,720)
Reclassification adjustment for a foreign operation disposed of during the period	—	(9,487)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	9,036	(15,207)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of an equity investment designated at fair value through other comprehensive income	(487)	220
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	8,549	(14,987)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,931	25,832
Attributable to:		
Owners of the Company	4,302	14,499
Non-controlling interests	6,629	11,333
	10,931	25,832

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2024

		30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		110,811	113,429
Investment properties		549,200	555,300
Equity investment designated at fair value through other comprehensive income		2,860	3,347
Prepayments and other receivables		424	445
Loan receivables	10	78,614	81,904
Deferred tax assets		3,837	2,002
		745,746	756,427
TOTAL non-current assets			
CURRENT ASSETS			
Lease receivables	9	1,372	1,242
Amounts due from security brokers		10,164	9,341
Loan and interest receivables	10	649,454	642,612
Prepayments, deposits and other receivables		8,804	8,757
Repossessed assets	11	60,108	80,982
Equity investments at fair value through profit or loss		18,636	15,375
Tax recoverable		–	3,200
Cash and cash equivalents		550,926	518,251
		1,299,464	1,279,760
TOTAL current assets			
CURRENT LIABILITIES			
Accruals, other payables and deposits received		7,913	10,425
Tax payable		1,218	279
Due to the intermediate holding company		80,000	80,000
Due to a related party		10	–
Loan advanced from a non-controlling shareholder of the Group's subsidiary		–	24,087
		89,141	114,791
TOTAL current liabilities			

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

30 September 2024

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
NET CURRENT ASSETS	<u>1,210,323</u>	<u>1,164,969</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,956,069</u>	<u>1,921,396</u>
NON-CURRENT LIABILITIES		
Deposits received	1,808	2,620
Deferred tax liabilities	<u>17,318</u>	<u>16,851</u>
Total non-current liabilities	<u>19,126</u>	<u>19,471</u>
Net assets	<u>1,936,943</u>	<u>1,901,925</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	14,451	14,451
Reserves	<u>1,551,727</u>	<u>1,547,425</u>
	1,566,178	1,561,876
Non-controlling interests	<u>370,765</u>	<u>340,049</u>
Total equity	<u>1,936,943</u>	<u>1,901,925</u>

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 2024 were authorised for issue in accordance with a resolution of the directors on 27 November 2024.

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, property investment and securities trading. During the prior period, the Group ceased to engage in the provision of chartering services of cruise ships.

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 information for the six months ended 30 September 2024 is unaudited and has 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The interim condensed consolidated financial information does 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 2024.

The 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 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 2024, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised HKFRSs has had no significant financial effect on the interim condensed consolidated financial information of the Group.

4. OPERATING SEGMENT INFORMATION

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

- (a) the money lending segment engages in the provision of mortgage loans and unsecured personal loans;
- (b) the property investment segment invests in prime office space and commercial shops for their rental income potential; and
- (c) the securities trading segment engages in the trading of marketable securities for short-term investment purposes.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/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, 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		Property investment		Securities trading		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Revenue from external customers	37,513	35,972	6,831	7,916	4,353	(116)	48,697	43,772
Intersegment sales	-	-	1,260	1,260	-	-	1,260	1,260
Other income	352	41	565	-	41	24	958	65
Total segment revenue and other income	37,865	36,013	8,656	9,176	4,394	(92)	50,915	45,097
<i>Reconciliation:</i>								
Elimination of intersegment sales							(1,260)	(1,260)
Total revenue and other income from continuing operations							49,655	43,837
Segment results	15,980	30,430	(9,233)	14,045	4,394	(101)	11,141	44,374
<i>Reconciliation:</i>								
Bank interest income							7,893	7,017
Corporate and other unallocated income							1	10
Corporate and other unallocated expenses							(13,777)	(14,286)
Profit before tax from continuing operations							5,258	37,115

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 and dividend income from equity investments at fair value through profit or loss during the period.

An analysis of revenue and other income from continuing operations is as follows:

	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue		
Interest income from mortgage loans and unsecured personal loans	37,513	35,972
Gross rental income from investment properties	6,831	7,916
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	3,261	(247)
Dividend income from equity investments at fair value through profit or loss	1,092	131
Total revenue	48,697	43,772
Other income		
Bank interest income	7,893	7,017
Forfeiture of rental deposits from a tenant	565	–
Others	393	75
Total other income	8,851	7,092

6. PROFIT BEFORE TAX

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

	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Depreciation	2,629	2,819
Employee benefit expense (including directors' remuneration)	10,177	9,729
Fair value losses/(gains) on investment properties, net	14,600	(8,320)
Provision for/(reversal of) impairment losses on loan and interest receivables, net	2,403	(339)
Provision for impairment losses on repossessed assets, net	14,263	353

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Current – Hong Kong		
Charge for the period	4,276	5,061
Current – Elsewhere		
Charge for the period	80	88
Overprovision in prior periods	(112)	–
Deferred	(1,368)	450
	<u>2,876</u>	<u>5,599</u>
Total tax charge for the period from continuing operations	<u>2,876</u>	<u>5,599</u>

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 (2023: 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 2024 and 2023 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:

	2024 (Unaudited) <i>HK\$'000</i>	2023 (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		
From continuing operations	(4,247)	20,188
From a discontinued operation	–	5,442
	<u>(4,247)</u>	<u>25,630</u>
Total	<u>(4,247)</u>	<u>25,630</u>

	2024 (Unaudited)	2023 (Unaudited)
Shares		
Number of ordinary shares in issue during the period, used in the basic and diluted earnings/(loss) per share calculation	5,780,368,705	5,780,368,705

9. LEASE RECEIVABLES

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

	30 September 2024 (Unaudited) <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>
Within 1 month	182	273
1 to 2 months	182	273
2 to 3 months	182	272
Over 3 months	826	424
Total	1,372	1,242

10. LOAN AND INTEREST RECEIVABLES

	30 September 2024 (Unaudited) <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>
Loan and interest receivables	747,449	741,494
Less: Provision for impairment losses on loan and interest receivables	(19,381)	(16,978)
Loan and interest receivables, net of provision	728,068	724,516
Less: Non-current portion	(78,614)	(81,904)
Current portion	649,454	642,612

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 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Current	649,454	642,612
Over 1 year and within 5 years	35,511	37,684
Over 5 years	43,103	44,220
	<u> </u>	<u> </u>
Total	728,068	724,516
	<u> </u>	<u> </u>

11. REPOSSESSED ASSETS

The Group obtained assets by taking possession of collaterals held as security for loan and interest receivables through legal proceedings. The nature and carrying amounts of the Group's repossessed assets as at the end of each reporting period are as follows:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Repossessed assets		
– commercial properties	25,055	25,055
– residential properties	50,523	75,751
– industrial properties	13,612	2,229
	<u> </u>	<u> </u>
Total	89,190	103,035
Less: Provision for impairment losses on repossessed assets	(29,082)	(22,053)
	<u> </u>	<u> </u>
Repossessed assets, net of provision	60,108	80,982
	<u> </u>	<u> </u>

MANAGEMENT DISCUSSION AND ANALYSIS

Ongoing unfavourable external factors, including high interest rates and geopolitical tensions, have created considerable headwinds for both the real estate sector and the overall economy in Hong Kong. Together with the increasing trend of Hong Kong residents shopping in the Greater Bay Area, the weakening retail sector has been further affected, leading to many retail shops closed in the past several months.

These economic challenges are also reflected in the residential property market. Since December 2023 and up to the end of the reporting period, private home prices in Hong Kong's residential property market have dropped 7.5%, and they have tumbled 27.7% from their peak in 2021. This decline marks the lowest level for home prices since August 2016, underscoring persistent weakness in the sector. The anticipated benefits of interest rate cuts have yet to materialise, leaving the market struggling under high borrowing costs and reduced buyer confidence. Furthermore, the situation has been exacerbated by a significant increase in negative equity cases, which surged by 26.9% from 32,073 cases at the end of March 2024 to a 21-year high of 40,713 cases at the end of September 2024.

Given that the Group is principally engaged in money lending, property investment and securities trading, these adverse market conditions have inevitably impacted its performance, resulting in a shift from a profit to a loss attributable to owners of the Company during the six months ended 30 September 2024 (the "Period"). Specifically, there was an increase in both provision for impairment losses on repossessed assets and provision for impairment losses on loan and interest receivables for mortgage loans. The mortgage loan business faced difficulties as borrowers struggled with high interest rates and declining property values, leading to higher default rates and increased provisions for potential losses. Additionally, fair value losses were recorded on investment properties during the Period, contrasting with the fair value gains reported in the same period last year. This decline primarily reflected significant decreases in property valuations in Hong Kong while there was no fair value change reported for Singapore investment properties during the Period.

However, it is worth noting that a remarkable change from a loss to a profit was achieved in the securities trading business. This segment demonstrated resilience by capitalising on market volatility and employing strategic trading approaches that effectively tackled challenging situations.

Financial Review

Revenue

During the Period, the Group's revenue increased by 11.3% to HK\$48,697,000 (2023: HK\$43,772,000), which comprised of interest income of HK\$37,513,000 (2023: HK\$35,972,000) from money lending, rental income of HK\$6,831,000 (2023: HK\$7,916,000) from investment properties, fair value gains of HK\$3,261,000 (2023: fair value losses of HK\$247,000) on listed equity investments, along with dividend income of HK\$1,092,000 (2023: HK\$131,000) from listed equity investments. The increase in the Group's revenue by HK\$4,925,000 was mainly due to a change from fair value losses of HK\$247,000 on listed equity investments in the same period last year to fair value gains of HK\$3,261,000 on listed equity investments for the Period, an increase in interest income from money lending by HK\$1,541,000 and an increase in dividend income from listed equity investments by HK\$961,000, which were partially offset by a decrease in rental income by HK\$1,085,000 from investment properties.

Other Income

Other income increased by 24.8% to HK\$8,851,000 for the Period (2023: HK\$7,092,000). The increase in other income was due to an increase in bank interest income by HK\$876,000 to HK\$7,893,000 for the Period (2023: HK\$7,017,000), income from forfeiture of rental deposits from a tenant totalling HK\$565,000 (2023: Nil) upon early termination by the tenant of the lease of shop units at Dundas Square, and a recovery of bad debt for an unsecured personal loan amounting to HK\$331,000 during the Period (2023: Nil).

Administrative and Operating Expenses

The Group incurred administrative and operating expenses of HK\$21,025,000 (2023: HK\$21,507,000), mainly consisting of employee benefit expense (including directors' remuneration), depreciation of property, plant and equipment, advertising and promotion expenses, auditor's remuneration, building management fees and other administrative expenses. The decrease of 2.2% in administrative and operating expenses was mainly due to reduced expenses in advertising and promotion, overseas travel, repairs and maintenance and depreciation of property, plant and equipment, which were partially offset by the increased employee benefit expense.

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

The Group recorded net fair value losses on investment properties of HK\$14,600,000 for the Period, as compared to net fair value gains of HK\$8,320,000 in the same period last year. The shift from net fair value gains to net fair value losses was due to the combined effect of an increase in fair value losses on Hong Kong investment properties to HK\$14,600,000 (2023: HK\$3,300,000) while there was no change in fair value on Singapore investment properties for the Period (2023: fair value gains of HK\$11,620,000).

Provision for Impairment Losses on Loan and Interest Receivables, Net

The Group recognised a net provision for impairment losses of HK\$2,403,000 on loan and interest receivables for the Period (2023: a net reversal of provision of HK\$339,000), which was determined based on the expected credit loss (“ECL”) model of Hong Kong Financial Reporting Standard 9 *Financial Instruments*.

Below is the breakdown of reversal of/(provision for) impairment losses on loans and interest receivables, net, incurred from mortgage loans and unsecured personal loans for the six months ended 30 September 2024 and 2023:

	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Mortgage loans	(3,349)	(417)
Unsecured personal loans	946	756
	(2,403)	339

Provision for Impairment Losses on Repossessed Assets, Net

During the Period, the Group recognised a total net provision for impairment losses on repossessed assets of HK\$14,263,000 (2023: HK\$353,000). Provision for impairment losses amounting to HK\$15,013,000 (2023: HK\$372,000) on repossessed assets was recorded, reducing their net carrying amounts to the value for sale under repossession less costs to sell. Additionally, provision for impairment losses of HK\$750,000 (2023: HK\$19,000) was reversed for repossessed assets where net selling prices were higher than net carrying amounts.

Profit/(Loss) Attributable to Owners of the Company

The Group recorded a loss attributable to owners of the Company of HK\$4,247,000 for the Period, while a profit attributable to owners of the Company of HK\$25,630,000 was recorded in the same period last year. The change from a profit to a loss was mainly attributable to (i) an increase in both provision for impairment losses on repossessed assets and provision for impairment losses on loan and interest receivables for mortgage loans to HK\$14,263,000 (2023: HK\$353,000) and HK\$3,349,000 (2023: HK\$417,000), respectively; (ii) fair value losses on investment properties of HK\$14,600,000 (2023: fair value gains of HK\$8,320,000); and (iii) a gain of HK\$9,834,000 on the disposal of a subsidiary realised in the same period last year. The above factors were partially offset by a segment profit of HK\$4,394,000 (2023: a loss of HK\$101,000) in the securities trading business.

Business Review

Money Lending

The Group's money lending business is conducted through ETC Finance Limited, an indirect non-wholly owned subsidiary of the Company, holding a licence for conducting money lending activities under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

In light of the prevailing adverse economic conditions characterised by high interest rate environment and weak market confidence, the lending landscape in Hong Kong has faced considerable adjustments. The Group is mainly engaged in providing mortgage loans secured by first legal charge against real estates located in Hong Kong, including residential, commercial and industrial properties, village houses and car parking spaces, to individuals and corporations. During the Period, the Group granted 16 (2023: 22) mortgage loans in total principal sums of HK\$143,450,000 (2023: HK\$198,800,000) to individuals and corporations with principal amounts ranging from HK\$400,000 to HK\$45,000,000 (2023: HK\$900,000 to HK\$55,000,000) at interest rates ranging from 9.5% to 11.0% per annum (2023: 8.0% to 11.0% per annum) with maturity profiles varying from 12 to 120 months (2023: 12 to 180 months).

The Group also provides a small portion of unsecured personal loans to individuals who are mainly owners of real estate assets under the Home Ownership Scheme and the Tenant Purchase Scheme, as well as private residential properties. During the Period, the Group granted 4 (2023: 2) unsecured personal loans in total principal sums of HK\$2,600,000 (2023: HK\$1,520,000) to individuals with principal amounts ranging from HK\$200,000 to HK\$1,000,000 (2023: HK\$320,000 to HK\$1,200,000) at interest rates ranging from 20.0% to 22.0% per annum (2023: 20.0% to 21.0% per annum) with maturity profiles varying from 36 to 120 months (2023: 48 to 120 months).

The Group's loan and interest receivables slightly increased by 0.5% to HK\$728,068,000 as at 30 September 2024 as compared to HK\$724,516,000 as at 31 March 2024. There were 115 mortgage loan customers (31 March 2024: 114 customers) with loan and interest receivables of HK\$718,580,000 (31 March 2024: HK\$715,029,000) and 21 unsecured personal loan customers (31 March 2024: 22 customers) with loan and interest receivables of HK\$9,488,000 (31 March 2024: HK\$9,487,000), representing 98.7% (31 March 2024: 98.7%) and 1.3% (31 March 2024: 1.3%) of the total loan and interest receivables as at 30 September 2024, respectively.

In terms of the Group's loan and interest receivables of HK\$728,068,000 as at 30 September 2024 (31 March 2024: HK\$724,516,000), the loan and interest receivables from the largest customer and the five largest customers accounted for 7.6% (31 March 2024: 7.6%) and 26.8% (31 March 2024: 26.0%) respectively.

The money lending business is the primary revenue source for the Group, contributing 77.0% to the Group's revenue during the Period (2023: 82.2%). The revenue from interest earned through money lending increased by 4.3% to HK\$37,513,000 for the Period (2023: HK\$35,972,000). This comprised of interest income from mortgage loans and unsecured personal loans, amounting to HK\$36,165,000 (2023: HK\$34,638,000) and HK\$1,348,000 (2023: HK\$1,334,000) respectively.

At the end of the reporting period, the Group engaged an independent professionally qualified valuer to assess the provision for impairment losses on loan and interest receivables using the ECL model. Regarding mortgage loans, a provision for impairment losses of HK\$3,349,000 (2023: HK\$417,000) was recognised for the Period resulting from the drop in market value of the collaterals and an increase in credit-impaired loan and interest receivables. In relation to unsecured personal loans, a reversal of provision for impairment losses of HK\$946,000 (2023: HK\$756,000) was recorded for the Period because of a reduction in delinquent loan and interest receivables. Accordingly, the Group recognised a net provision for impairment losses of HK\$2,403,000 on loan and interest receivables for the Period (2023: a net reversal of HK\$339,000).

In the recovery of credit-impaired loan and interest receivables, the Group obtains the rights to rent or sell the underlying collateral assets through legal proceedings. During the Period, the Group recognised provision for impairment losses of HK\$15,013,000 (2023: HK\$372,000) on repossessed assets, as their value for sale under repossession assessed by an independent professionally qualified valuer decreased, leading to a write-down of their net carrying amounts to the value for sale under repossession less costs to sell. However, the impact was partially offset by a reversal of provision for impairment losses amounting to HK\$750,000 (2023: HK\$19,000) for repossessed assets for which net selling prices were higher than net carrying amounts. Therefore, a net provision for impairment losses of HK\$14,263,000 (2023: HK\$353,000) on repossessed assets was recorded for the Period.

Taking all these factors mentioned above into account, the money lending segment recorded a decline in profit by 47.5% to HK\$15,980,000 for the Period (2023: HK\$30,430,000).

Property Investment

The Group's investment properties consisted of prime office space and commercial shops in Hong Kong and Singapore. The Group's segment revenue from property investment dropped by 13.7% to HK\$6,831,000 for the Period, as compared to HK\$7,916,000 in the same period last year. In Hong Kong, the rental income from investment properties decreased by 13.4% to HK\$5,748,000 (2023: HK\$6,641,000). The decrease was mainly due to an early move-out by a tenant from two shop units at Dundas Square, Mongkok, in early June 2024, resulting in these units being vacant for some time. In Singapore, the rental income from investment properties decreased by 15.1% to HK\$1,083,000 (2023: HK\$1,275,000) due to two shop units vacant for a period of time after the expiration of the previous lease in March 2024. As a result, there was a decline in both the average occupancy rate to 89.0% (31 March 2024: 96.9%) and the average annual rental yield to 2.5% (31 March 2024: 2.8%) for the Group's investment properties during the Period.

At the end of each reporting period, the fair value of investment properties is assessed through valuation conducted by the independent professionally qualified valuers. There was a change from net fair value gains of HK\$8,320,000 in the same period last year to net fair value losses of HK\$14,600,000 for the Period, which was due to an increase in the fair value losses on Hong Kong investment properties to HK\$14,600,000 (2023: HK\$3,300,000) while there was no change in fair value gains on Singapore investment properties for the Period (2023: fair value gains of HK\$11,620,000).

Due to the decreased rental income and the fair value losses on investment properties, the property investment segment recorded a loss of HK\$9,233,000 for the Period (2023: a profit of HK\$14,045,000).

Securities Trading

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

During the Period, the Hang Seng Index has shown significant recovery, surging by 27.8% from 16,541 points as at 31 March 2024 to 21,134 points as at 30 September 2024. Such significant rebound resulted from aggressive monetary policy measures by the People's Bank of China, which included interest rate cuts aimed at stimulating economic growth and consumer spending, along with the U.S. Fed's interest rate cut in September 2024.

The securities trading segment recorded a profit of HK\$4,394,000 for the Period (2023: a loss of HK\$101,000). The turnaround from a loss to a profit was mainly attributable to the fair value gains of HK\$3,261,000 (2023: fair value losses of HK\$247,000) on equity investments at fair value through profit or loss ("FVTPL") and an increase in dividend income from equity investments at FVTPL to HK\$1,092,000 (2023: HK\$131,000).

As at 30 September 2024, the Group's equity investments at FVTPL amounted to HK\$18,636,000 (31 March 2024: HK\$15,375,000) measured at market value. There was no individual equity investment at FVTPL held by the Group with market value exceeding 5% of the net asset value of the Group. The details of the Group's equity investments at FVTPL as at 30 September 2024 were as below:

Name of stock listed on the stock exchange of Hong Kong (Stock Code)	Number of shares held	Percentage of shareholding held	Investment cost HK\$'000	Market value HK\$'000	Percentage to net assets value of the Group
China Construction Bank Corporation (0939)	1,100,000	0.0005	4,785	6,468	0.33
China Mobile Limited (0941)	60,000	0.0003	3,921	4,401	0.23
Ping An Insurance (Group) Company of China, Ltd. (2318)	60,000	0.0008	3,004	3,009	0.16
Bank of China Limited (3988)	1,300,000	0.0016	3,615	4,758	0.24
			15,325	18,636	0.96

Contingent Liabilities

As at 30 September 2024, the Company had an outstanding guarantee of HK\$70,000,000 (31 March 2024: HK\$70,000,000) given to a bank to secure general credit facility for a subsidiary. No credit facility was utilised by that subsidiary from such guarantee as at 30 September 2024 (31 March 2024: Nil).

Pledge of Assets

As at 30 September 2024, the Group's self-occupied office units and a car park unit at Shun Tak Centre with an aggregate net book value of HK\$106,332,000 (31 March 2024: HK\$108,681,000) and listed equity investments with fair value of HK\$13,304,000 (31 March 2024: HK\$15,375,000) were pledged to banks and security brokers for aggregate loan facilities of HK\$79,930,000 (31 March 2024: HK\$80,968,000) granted to the Group.

As at 30 September 2024, the Group did not use any loan facility (31 March 2024: Nil).

Liquidity and Financial Resources

The Group maintained a sound financial condition. As at 30 September 2024, the Group had net current assets of HK\$1,210,323,000 (31 March 2024: HK\$1,164,969,000) and equity attributable to owners of the Company worth HK\$1,566,178,000 (31 March 2024: HK\$1,561,876,000).

As at 30 September 2024, the aggregate cash and cash equivalents of the Group were approximately HK\$550,926,000 (31 March 2024: approximately HK\$518,251,000), which were held predominately in Hong Kong dollar, Singapore dollar and United States dollar.

As at 30 September 2024, the Group had an amount due to an intermediate holding company of HK\$80,000,000 (31 March 2024: HK\$80,000,000), which was unsecured, interest-free and repayable on demand.

As at 31 March 2024, New Century Maritime Limited, a non-wholly owned subsidiary of the Group, owed a loan of approximately HK\$24,087,000 to its minority shareholder, New Century Cruise Line International Limited (“NCCL”). During the Period, the loan of approximately HK\$24,087,000 was written off. The write-off transaction was accounted for as a deemed capital contribution from NCCL. Accordingly, there was no loan advanced from a non-controlling shareholder of the Group’s subsidiary as at 30 September 2024 (31 March 2024: approximately HK\$24,087,000).

Stringent cost control measures have already been implemented to monitor 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 for potential financing and equity funding from financial institutions. Taking into consideration the Group’s current financial resources, the directors believe that the Group will have adequate funds for its continuing operations and development.

Gearing Ratio

The Group’s gearing ratio, calculated as total indebtedness divided by equity attributable to owners of the Company, was reduced to 5.1% as at 30 September 2024 (31 March 2024: 6.7%). Total indebtedness represents an amount due to an intermediate holding company and a loan advanced from a non-controlling shareholder of the Group’s subsidiary.

Principal Risks and Uncertainties

Market Risk

The Group's business performance is closely tied to the economic conditions and property market dynamics in Hong Kong. Potential economic downturns or deterioration in the property sector could impact property transactions, which in turn could limit the growth of our mortgage loan portfolio. In addition, drop in property prices will cause declining collateral value for our mortgage loans and in turn, increase the risk of impairment losses. To mitigate these risks, the Group will closely monitor the property market trends and collateral valuations affecting our mortgage loan portfolio. This proactive approach allows the Group to promptly identify market fluctuations and implement appropriate risk mitigation strategies from time to time.

Credit Risk

The Group mainly focuses on entering into loan and/or lease transactions with high-quality customers and obtaining sufficient collaterals and/or deposits as a means of mitigating the risk of financial loss from defaults. Before entering into these transactions, whether they are new or renewals, the Group will conduct due diligence, including but not limited to identity check, credit reports and legal searches on the customers, together with land search and latest valuation on the mortgaged properties, if applicable.

The Group has loan committees of different levels comprising directors and senior management to approve and grant different loan products with various loan-to-value ratios and loan amount requirements. The Group continuously monitors the property market and the collateral value of the underlying mortgage loan portfolio to proactively manage risks. Through the audit committee of the Company, the Group has conducted a regular review on the internal control system and identified no significant areas of concern that could affect the operation of the money lending business.

The Group closely monitors whether customers make timely repayment and liaises with them for settlement if there is late repayment. The Group will take 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.

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 price movements and changes in market conditions that may affect the value of the securities and will consider taking appropriate actions to minimise 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. 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.

Employees and Remuneration

As at 30 September 2024, the Group had a total of 32 (31 March 2024: 32) staff, including executive directors but excluding independent non-executive directors. The employee benefit expense (including directors' remuneration) of HK\$10,177,000 was recorded for the Period (2023: HK\$9,729,000). Remuneration packages for employees and directors are periodically reviewed according to market conditions as well as individual and the Group's performance. Benefits plans maintained by the Group include salary increment, mandatory provident fund scheme, medical insurance and discretionary bonuses. The Group offers occupational training in form of external seminars to the employees and has subsidy plans for employees to enhance their knowledge and skills for performing their job duties.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associates during the Period.

Prospects

In the wake of the U.S. presidential election in November 2024, concerns about potential increases in tariffs on Chinese goods have emerged, posing significant challenges for Hong Kong's economy. As a money lender and investor in both Hong Kong and Singapore properties, the Group must remain vigilant in close monitoring these developments. Increased tariffs could disrupt trade flows and elevate costs for businesses, potentially leading to a slowdown in economic activity. This environment requires a proactive approach to risk management, ensuring that its lending practices are robust and investment strategies remain flexible in response to market changes.

To effectively navigate this evolving landscape, the Group will focus on strengthening its financial position through prudent lending practices and strategic partnerships. By cultivating relationships with key stakeholders, including borrowers and tenants, the Group can align its lending criteria with market realities while supporting projects that show strong potential for returns. Additionally, as it evaluates the investments in the blue chips within Hong Kong, the Group will closely monitor market trends influenced by geopolitical dynamics to make informed decisions.

Looking forward, the Group is committed to identifying opportunities that may arise from shifts in market conditions. By remaining adaptable and responsive to emerging trends, it aims to position the Group for sustainable growth while effectively managing risks associated with external economic factors, maximising its returns for shareholders.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024 (2023: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2024, 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 C1 to the Listing Rules throughout the six months ended 30 September 2024.

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 C3 to 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 2024.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 September 2024 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 2024.

By order of the Board
New Century Group Hong Kong Limited
Ng Wee Keat
Chairman

Hong Kong, 27 November 2024

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, Mr. Yu Wai Man and Ms. Huang Si Teng as executive directors and Mr. Cheung Chun Kwok, Mr. Kwan Kai Kin, Kenneth, Mr. Ho Yau Ming and Mr. Wong Steve Cheuk Hung as independent non-executive directors.