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**華邦科技控股有限公司**

**HUABANG TECHNOLOGY HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3638)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

The Board of Directors (the “**Board**”) of Huabang Technology Holdings Limited (the “**Company**”) presents the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 (“**Current Year**”) together with the comparative figures of the corresponding year ended 31 March 2021 (“**Last Corresponding Year**”).

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

		Year ended 31 March	
		2022	2021
	Note	HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>1,702,549</b>	2,023,680
Cost of sales		<u>(1,664,101)</u>	<u>(1,960,924)</u>
<b>Gross profit</b>		<b>38,448</b>	62,756
Selling expenses		(355)	(1,364)
General and administrative expenses		(39,584)	(43,012)
Expected credit loss on financial assets, net	4	(245,460)	(106,351)
Other income/(expenses) and gains/(losses), net	5	807	(1,822)
Gain on disposal of property, plant and equipment		41,349	–
Impairment of goodwill	12	<u>(48,622)</u>	<u>–</u>
<b>Operating loss</b>		<b>(253,417)</b>	(89,793)
Finance costs	6	(6,188)	(7,913)
Share of net loss of an associate accounted for using the equity method		–	(1,946)
Impairment loss on interest in an associate		<u>–</u>	<u>(6,258)</u>
<b>Loss before income tax</b>	7	<b>(259,605)</b>	(105,910)
Income tax credit	8	<u>20,186</u>	<u>12,462</u>
<b>Loss for the year</b>		<b><u>(239,419)</u></b>	<b><u>(93,448)</u></b>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		(241,018)	(93,108)
Non-controlling interests		<u>1,599</u>	<u>(340)</u>
		<b><u>(239,419)</u></b>	<b><u>(93,448)</u></b>
<b>Loss per share attributable to owners of the Company</b>			(Restated)
Basic	9	HK(55.51) cent	HK(21.44) cent
Diluted	9	<u>HK(55.51) cent</u>	<u>HK(21.44) cent</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Loss for the year</b>	<b>(239,419)</b>	<b>(93,448)</b>
<b>Other comprehensive income</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>243</u>	<u>901</u>
<b>Total comprehensive expense for the year</b>	<b><u>(239,176)</u></b>	<b><u>(92,547)</u></b>
<b>Total comprehensive (expense)/income attributable to:</b>		
Owners of the Company	<b>(240,775)</b>	<b>(92,207)</b>
Non-controlling interests	<b><u>1,599</u></b>	<b><u>(340)</u></b>
	<b><u>(239,176)</u></b>	<b><u>(92,547)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		As at 31 March	
		2022	2021
	Note	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	218,885	265,831
Intangible assets	12	3,391	52,126
Interest in an associate		–	–
Deposits, prepayments and other receivables	15	497	691
Deferred tax assets		38,034	22,887
		<u>260,807</u>	<u>341,535</u>
		-----	-----
<b>Current assets</b>			
Inventories		14,740	13,690
Loan receivables	13	57,865	180,585
Account receivables	14	79,315	226,279
Deposits, prepayments and other receivables	15	39,266	34,751
Financial assets at fair value through profit or loss		847	12,263
Income tax recoverable		2,782	2,084
Bank balances held on behalf of clients		12,492	15,089
Pledged bank deposits		–	41,427
Cash and cash equivalents		46,660	68,286
		<u>253,967</u>	<u>594,454</u>
		-----	-----
<b>Total assets</b>		<u><u>514,774</u></u>	<u><u>935,989</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2022

		As at 31 March	
	<i>Note</i>	<b>2022</b>	2021
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
Share capital	16	3,654	3,654
Other reserves		538,775	538,532
Accumulated losses		(256,445)	(15,427)
Total equity attributable to owners of the Company		285,984	526,759
Non-controlling interests		8,716	7,117
<b>Total equity</b>		<b>294,700</b>	533,876
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		200	163
		200	163
<b>Current liabilities</b>			
Account payables	17	29,305	40,035
Other payables and accrued expenses	17	7,076	4,815
Contract liabilities		5,437	2,917
Borrowings	18	177,373	346,759
Income tax payables		683	7,424
		219,874	401,950
<b>Total liabilities</b>		<b>220,074</b>	402,113
<b>Total equity and liabilities</b>		<b>514,774</b>	935,989
<b>Net current assets</b>		<b>34,093</b>	192,504
<b>Total assets less current liabilities</b>		<b>294,900</b>	534,039

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company											
	Other reserves							Sub total	Accumulated losses	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Shares held for share award scheme	Merger reserve <i>Note (a)</i>	Capital reserve <i>Note (b)</i>	Statutory reserve <i>Note (c)</i>	Exchange reserve					
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
<b>For the year ended 31 March 2022</b>												
Balance at 1 April 2021	3,654	502,332	(21,630)	50,374	2,480	1,042	3,934	538,532	(15,427)	526,759	7,117	533,876
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(241,018)	(241,018)	1,599	(239,419)
Other comprehensive income												
Currency translation differences	-	-	-	-	-	-	243	243	-	243	-	243
Total comprehensive (expense)/income for the year	-	-	-	-	-	-	243	243	(241,018)	(240,775)	1,599	(239,176)
Balance at 31 March 2022	<u>3,654</u>	<u>502,332</u>	<u>(21,630)</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>4,177</u>	<u>538,775</u>	<u>(256,445)</u>	<u>285,984</u>	<u>8,716</u>	<u>294,700</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2021

	Attributable to owners of the Company											
	Other reserves							Sub total	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Shares held for share award scheme	Merger reserve <i>Note (a)</i>	Capital reserve <i>Note (b)</i>	Statutory reserve <i>Note (c)</i>	Exchange reserve					
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
<b>For the year ended 31 March 2021</b>												
Balance at 1 April 2020	3,654	502,332	(21,630)	50,374	2,480	1,042	3,033	537,631	77,681	618,966	7,957	626,923
Loss for the year	-	-	-	-	-	-	-	-	(93,108)	(93,108)	(340)	(93,448)
Other comprehensive income												
Currency translation differences	-	-	-	-	-	-	901	901	-	901	-	901
Total comprehensive (expense)/ income for the year	-	-	-	-	-	-	901	901	(93,108)	(92,207)	(340)	(92,547)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(500)	(500)
Balance at 31 March 2021	<u>3,654</u>	<u>502,332</u>	<u>(21,630)</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>3,934</u>	<u>538,532</u>	<u>(15,427)</u>	<u>526,759</u>	<u>7,117</u>	<u>533,876</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

*For the year ended 31 March 2022*

*Notes:*

**(a) Merger reserve**

The Group's merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group, after elimination of intra-group investments.

**(b) Capital reserve**

The Group's capital reserve represents deemed contribution by the controlling shareholders as a shareholder acquired the remaining non-controlling interests of a subsidiary and contributed to the Group at no cost prior to 1 April 2011.

**(c) Statutory reserve**

The Company's subsidiary in the People's Republic of China (the "PRC") is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at their directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) trading business (including computer and peripheral products and electronics products business) and (ii) financial services business (including securities brokerage business, advisory services business and money lending business).

The directors considered Ms. Shen Wei to be the ultimate controlling shareholder.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial information is presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousands, unless otherwise stated.

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### 2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial information:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform-Phase 2

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial information.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

#### 2.2 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform-Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures (“HKFRS 7”).

As at 1 April 2021, the Group had several borrowings, the interest of which are indexed to benchmark rates that are subjected to interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost.

#### 2.3 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

#### 2.3 New and amendments to HKFRSs in issue but not yet effective (Continued)

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### *Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group’s outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group’s liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers (Note i)</b>	<b>1,682,162</b>	<b>1,977,119</b>
<b>Revenue from other sources</b>		
<i>Interest income calculated using the effective interest method from:</i>		
– loan receivables	8,234	17,913
– cash client receivables	12,153	28,648
	<b>20,387</b>	<b>46,561</b>
<b>Total revenue</b>	<b>1,702,549</b>	<b>2,023,680</b>

(i) Disaggregated revenue information for revenue from contracts with customers

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Type of goods or services</b>		
Sales of goods	1,681,730	1,976,348
Service income		
– Provision of underwriting and placing services	195	248
Commission income		
– Provision of securities brokerage services	237	523
	<b>1,682,162</b>	<b>1,977,119</b>
<b>Timing of revenue recognition</b>		
A point in time	<b>1,682,162</b>	<b>1,977,119</b>

All the sales of goods, service income and commission income have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (*CONTINUED*)

#### **Segment information**

The chief operating decision-maker (“**CODM**”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

The CODM considers that the Group has two operating and reportable segments which are (i) trading business (including computer and peripheral products and electronics products business) and (ii) financial services business (including securities brokerage business, advisory services business and money lending business).

The CODM assesses the performance of the operating segments based on segment (loss)/profit. Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of the respective segments. Unallocated income and expenses are not included in the result for each operating segment that is reviewed by the CODM.

Segment assets consist primarily of intangible assets, inventories, account receivables, loan receivables, allocated deposits, prepayments and other receivables where appropriate, financial assets at fair value through profit or loss where appropriate, pledged bank deposits, cash and cash equivalents where appropriate and bank balances held on behalf of clients. They exclude interest in an associate, property, plant and equipment, deferred tax assets, income tax recoverable and other unallocated assets, which are managed centrally.

Segment liabilities consist primarily of account payables, allocated borrowings where appropriate, allocated other payables and accrued expenses where appropriate and contract liabilities. They exclude deferred tax liabilities, income tax payables and other unallocated liabilities, which are managed centrally.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment information (Continued)

#### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	For the year ended 31 March 2022		
	Trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	1,681,730	20,819	1,702,549
Cost of sales from external customers	(1,664,101)	–	(1,664,101)
	<u>17,629</u>	<u>20,819</u>	<u>38,448</u>
Selling expenses	(269)	(86)	(355)
General and administrative expenses	(7,612)	(7,629)	(15,241)
Expected credit loss on financial assets, net	11	(245,471)	(245,460)
Other income/(expenses) and gains/(losses), net	(254)	607	353
Impairment of goodwill	–	(48,622)	(48,622)
Finance costs	(4,875)	(104)	(4,979)
	<u>4,630</u>	<u>(280,486)</u>	<u>(275,856)</u>
Segment profit/(loss)			
Unallocated income and expenses, net			<u>16,251</u>
Loss before income tax			(259,605)
Income tax credit			<u>20,186</u>
Loss for the year			<u>(239,419)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment information (Continued)

#### Segment revenues and results (Continued)

The following is an analysis of the Group's revenue and results by reportable segments: (Continued)

	For the year ended 31 March 2021		
	Trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	1,976,348	47,332	2,023,680
Cost of sales from external customers	(1,960,924)	–	(1,960,924)
	15,424	47,332	62,756
Selling expenses	(1,268)	(96)	(1,364)
General and administrative expenses	(9,556)	(8,003)	(17,559)
Expected credit loss on financial assets, net	(88,010)	(18,341)	(106,351)
Other income/(expenses) and gains/(losses), net	(126)	1,226	1,100
Finance costs	(5,645)	(263)	(5,908)
Segment profit/(loss)	<u>(89,181)</u>	<u>21,855</u>	(67,326)
Share of net loss of an associate accounted for using the equity method			(1,946)
Impairment loss on interest in an associate			(6,258)
Unallocated income and expenses, net			<u>(30,380)</u>
Loss before income tax			(105,910)
Income tax credit			<u>12,462</u>
Loss for the year			<u><u>(93,448)</u></u>

Interest revenue of HK\$20,387,000 (2021: HK\$46,561,000) was included in revenue from external customers, wholly contributed by financial services business segment.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment information (Continued)

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

31 March 2022

	Trading business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>72,650</u>	<u>182,188</u>	<u>254,838</u>
Segment liabilities	<u>199,687</u>	<u>12,876</u>	<u>212,563</u>

31 March 2021

	Trading business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>149,149</u>	<u>492,464</u>	<u>641,613</u>
Segment liabilities	<u>351,244</u>	<u>26,763</u>	<u>378,007</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment information (Continued)

#### Segment assets and liabilities (Continued)

The reconciliations of segment assets to total assets and segment liabilities to total liabilities are provided as follows:

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Segment assets</b>	<b>254,838</b>	641,613
Cash and cash equivalents	8,155	1,233
Property, plant and equipment	209,995	255,638
Deposits, prepayments and other receivables	637	789
Financial assets at fair value through profit or loss	333	11,745
Deferred tax assets	38,034	22,887
Income tax recoverable	2,782	2,084
	<hr/>	<hr/>
<b>Total assets</b>	<b>514,774</b>	935,989
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>	<b>212,563</b>	378,007
Deferred tax liabilities	200	163
Income tax payables	683	7,424
Borrowings	–	15,003
Other unallocated liabilities	6,628	1,516
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>220,074</b>	402,113
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment information (Continued)

#### Other segment information

	For the year ended 31 March 2022		
	Trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Additions to property, plant and equipment	448	–	448
Depreciation of property, plant and equipment	1,607	141	1,748
Amortisation of intangible assets	–	113	113
Impairment of inventories	1,562	–	1,562

	For the year ended 31 March 2021		
	Trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Additions to property, plant and equipment	1,072	29	1,101
Depreciation of property, plant and equipment	1,547	138	1,685
Amortisation of intangible assets	–	1,128	1,128
Impairment of inventories	1,689	–	1,689

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment information (Continued)

##### Geographical information

The Group's operations are located in Hong Kong and the PRC.

Majority of the Group's revenue were derived from operations located in Hong Kong.

Information about the Group's total non-current assets (excluding deferred tax assets) is presented below based on the geographical location of the assets:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	222,106	317,732
The PRC	667	916
	<u>222,773</u>	<u>318,648</u>

##### Information about major customers

Revenue from the top five customers for all reportable segments is as follows:

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Revenue from top five customers	1,617,616	1,714,790
Total revenue	1,702,549	2,023,680
Percentage	<u>95%</u>	<u>85%</u>
Number of customers that individually accounted for more than 10% of the Group's revenue	<u>1</u>	<u>1</u>

For the year ended 31 March 2022, there was one customer individually contributing over 10% of the total revenue of the Group. The revenue was arisen from trading business and amounting to HK\$1,399,932,000 for the year ended 31 March 2022, its corresponding revenue for the year ended 31 March 2021 was HK\$1,142,855,000.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 4. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Loan receivables ( <i>Note 13</i> )	122,720	5,862
Cash client receivables ( <i>Note 14</i> )	115,977	12,413
Trade receivables ( <i>Note 14</i> )	(11)	88,010
Interest receivables ( <i>Note 15</i> )	6,774	66
	<u>245,460</u>	<u>106,351</u>

### 5. OTHER INCOME/(EXPENSES) AND GAINS/(LOSSES), NET

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Finance income	137	658
Exchange losses	(464)	(983)
Realised gain on disposal of equity investments at fair value through profit or loss	2,224	220
Unrealised loss on the change in fair value of equity investments at fair value through profit or loss	(1,652)	(2,703)
Handling fee income	601	935
Dividend income from listed securities	–	7
Others	(39)	44
	<u>807</u>	<u>(1,822)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 6. FINANCE COSTS

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
– Interest expenses on bank and other borrowings	<u>6,188</u>	<u>7,913</u>

### 7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

#### (a) Employee benefit expenses (including directors' emoluments)

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	14,073	16,730
Post-employment benefits ( <i>Note i</i> )	396	469
Others	<u>28</u>	<u>88</u>
	<u>14,497</u>	<u>17,287</u>

*Notes:*

(i): These mainly represent:

- the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK\$1,500 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations. Contributions to the scheme vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.
- the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC. These PRC subsidiaries are required to contribute certain percentage of the employees' basic salaries to the pension plans depending on the applicable local regulations. Contribution to the plans vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

(ii): For the year ended 31 March 2021, COVID-19 related government grants under "Employment Support Scheme" of the Hong Kong government, amounting to approximately HK\$1,478,000 have been offset against employee benefit expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 7. LOSS BEFORE INCOME TAX (CONTINUED)

Loss before income tax has been arrived at after charging: *(Continued)*

#### (b) Other items

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Cost of inventories sold	1,664,101	1,960,924
Auditor's remuneration		
- audit service	1,008	960
- non-audit service	53	50
Depreciation of property, plant and equipment	10,960	11,646
Amortisation of intangible assets	113	1,128
Short-term lease rentals of premises	12	15
Service fees for broker supplied systems	1,526	1,374

### 8. INCOME TAX CREDIT

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	684	3,810
Over-provision in prior years	(5,760)	(86)
Deferred income tax	(15,110)	(16,186)
	<b>(20,186)</b>	<b>(12,462)</b>

Under the two-tiered Hong Kong Profits Tax rates regime, the first HK\$2 million of assessable profits of the qualifying group entity are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime are charged at a flat rate of 16.5%.

The Group has no assessable profit in PRC and is not subject to any PRC corporate income tax during the years ended 31 March 2022 and 2021. The applicable PRC corporate income tax rate during the years ended 31 March 2022 and 2021 is 25%.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 9. LOSS PER SHARE

#### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company for share award scheme.

	Year ended 31 March	
	2022	2021
Loss attributable to owners of the Company (HK\$'000)	<u>(241,018)</u>	<u>(93,108)</u>
Weighted average number of ordinary shares in issue	<u>434,203,800</u>	<u>434,203,800</u> (Restated)
Basic loss per share	<u>HK(55.51) cent</u>	<u>HK(21.44) cent</u> (Restated)

The weighted average number of ordinary shares for the purposes of calculating basic loss per share have been retrospectively adjusted for the effects of share consolidation completed on 18 March 2022.

#### (b) Diluted

Diluted loss per share for the years ended 31 March 2022 and 2021 was the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2022 and 2021.

### 10. DIVIDENDS

No final dividend for the years ended 31 March 2022 and 2021 was proposed.

### 11. PROPERTY, PLANT AND EQUIPMENT

During the year, there was additions of HK\$448,000 (2021: HK\$1,101,000) for property, plant and equipment.

For the year ended 31 March 2022, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK\$36,466,000 which resulting in a gain on disposal of HK\$41,349,000.

For the year ended 31 March 2021, there was no disposal of property, plant and equipment which resulting in no gain/loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

12. INTANGIBLE ASSETS

	Goodwill HK\$'000	Money lending license HK\$'000	Contractual customer relationship HK\$'000	Total HK\$'000
<b>31 March 2022</b>				
Opening carrying amount	52,013	113	–	52,126
Amortisation	–	(113)	–	(113)
Impairment	(48,622)	–	–	(48,622)
	<u>3,391</u>	<u>–</u>	<u>–</u>	<u>3,391</u>
<b>At 31 March 2022</b>				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	(53,263)	(1,703)	(2,756)	(57,722)
Net carrying amount	<u>3,391</u>	<u>–</u>	<u>–</u>	<u>3,391</u>
<b>31 March 2021</b>				
Opening carrying amount	52,013	453	788	53,254
Amortisation	–	(340)	(788)	(1,128)
Closing carrying amount	<u>52,013</u>	<u>113</u>	<u>–</u>	<u>52,126</u>
<b>At 31 March 2021</b>				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	(4,641)	(1,590)	(2,756)	(8,987)
Net carrying amount	<u>52,013</u>	<u>113</u>	<u>–</u>	<u>52,126</u>

For the year ended 31 March 2022, amortisation charge of HK\$113,000 (2021: HK\$1,128,000) was included in general and administrative expenses in the consolidated income statement.

**Money lending license**

In July 2016, the Group acquired a money lending license in Hong Kong through acquisition of a Hong Kong incorporated company. The money lending license has a legal life of one year but is renewable at insignificant cost. The directors of the Company are of the opinion that the Group could renew the money lending license and maintain the license continuously. At the end of the reporting period, the money lending license has been fully amortised.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12. INTANGIBLE ASSETS (CONTINUED)

#### Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship.

The useful life of contractual customer relationships recognised during acquisition of Huabang Securities Limited (“**Huabang Securities**”) was three years. At the end of the reporting period, the contractual customer relationships of Huabang Securities has been fully amortised.

#### Goodwill

The table below sets out the information for the goodwill allocated to the following CGUs:

	<b>Corporate finance cash- generating unit HK\$'000</b>	<b>Securities brokerage cash- generating unit HK\$'000</b>
Cost		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>4,641</u>	<u>52,013</u>
Accumulated impairment		
At 1 April 2020, 31 March 2021 and 1 April 2021	<u>(4,641)</u>	<u>–</u>
At 31 March 2022	<u>(4,641)</u>	<u>(48,622)</u>
Carrying amount		
At 31 March 2021	<u>–</u>	<u>52,013</u>
At 31 March 2022	<u>–</u>	<u>3,391</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12. INTANGIBLE ASSETS (CONTINUED)

#### Impairment tests for goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- Corporate finance cash-generating unit; and
- Securities brokerage cash-generating unit.

#### Corporate finance cash-generating unit

The Group recognised goodwill of HK\$4,641,000 during the year ended 31 March 2017 as a result of acquisition of the equity interest in Huabang Financial Limited (“**Huabang Financial**”). Huabang Financial is an investment holding company. Its wholly-owned subsidiary, Huabang Corporate Finance, is principally engaged in the corporate finance advisory business in Hong Kong (the “**Corporate Finance CGU**”).

In the view of the reduced business activities forecasted for the corporate finance business in the foreseeable future, management considered the value in use of the Corporate Finance CGU was lower than its carrying amount. Accordingly, the goodwill was impaired and an impairment loss of HK\$4,641,000 was recognised in profit or loss for the year ended 31 March 2019.

#### Securities brokerage cash-generating unit

The Group recognised goodwill of HK\$52,013,000 during the year ended 31 March 2018 as a result of acquisition of the equity interest in Huabang Securities. Huabang Securities is principally engaged in the securities brokerage business in Hong Kong (the “**Securities Brokerage CGU**”).

The recoverable amount of the CGU is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2021: 5-year). Cash flows beyond the one-year period are projected for the next four-year period using the estimated growth in revenue. Thereafter, the cash flows are extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the business in which the CGU operate.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12. INTANGIBLE ASSETS (CONTINUED)

#### Securities brokerage cash-generating unit (Continued)

The key assumptions used in value-in-use calculation are as follows:

	As at 31 March	
	2022	2021
Revenue growth rate	(33.6%)-0.3%	3.3%-16.0%
Terminal growth rate	3.0%	3.0%
Discount rate (pre-tax)	16.4%	15.4%

Based on the assessment, the recoverable amount of the Securities Brokerage CGU, as included in the financial services business segment, is determined to be HK\$4,994,000. The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK\$48,622,000 is recognized in the profit or loss for the year ended 31 March 2022 (2021:HK\$nil). No other write-down of the assets of the Securities Brokerage CGU is considered necessary.

### 13. LOAN RECEIVABLES

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Loan receivables	194,530	194,530
Less: Impairment		
– Stage 1	–	(1,065)
– Stage 2	(18,239)	–
– Stage 3	(118,426)	(12,880)
	<u>57,865</u>	<u>180,585</u>

The Group's loan receivables, which arise from its money lending business in Hong Kong, are denominated in Hong Kong dollars, unsecured, bearing fixed interest rate from 8% to 18%, and recoverable within one year from the dates of inception of the loan agreements.

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

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Within one year	<u>57,865</u>	<u>180,585</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 13. LOAN RECEIVABLES (CONTINUED)

An aging analysis of the loan receivables as at the end of the reporting period, based on the due date and net of impairment allowance, is as follows:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Not past due	–	180,585
Less than 31 days past due	50,461	–
31 to 90 days past due	6,724	–
Past due over 90 days	680	–
	57,865	180,585
	57,865	180,585

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2022 and 2021 by the past due date and year end classification:

As at 31 March 2022	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Less than 31 days past due	–	68,700	–	68,700
31 to 90 days past due	–	–	111,830	111,830
Past due over 90 days	–	–	14,000	14,000
	–	68,700	125,830	194,530
	–	68,700	125,830	194,530
As at 31 March 2021	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Not past due	180,530	–	7,000	187,530
Past due over 90 days	–	–	7,000	7,000
	180,530	–	14,000	194,530
	180,530	–	14,000	194,530

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 13. LOAN RECEIVABLES (CONTINUED)

The movements in the impairment allowance of loan receivables were as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2021	1,065	–	12,880	13,945
Changes due to financial instruments recognised as at 1 April 2021				
– Transfer from Stage 1 to Stage 2	(405)	405	–	–
– Net remeasurement of expected credit loss (“ECL”) arising from financial assets transferred from Stage 1 to Stage 2	–	17,834	–	17,834
– Transfer from Stage 1 to Stage 3	(660)	–	660	–
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	439	439
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	–	–	104,447	104,447
	<u>–</u>	<u>–</u>	<u>104,447</u>	<u>104,447</u>
As at 31 March 2022	<u>–</u>	<u>18,239</u>	<u>118,426</u>	<u>136,665</u>
ECL rate	<u>N/A</u>	<u>26.55%</u>	<u>94.12%</u>	<u>70.25%</u>

During the year ended 31 March 2022, included in the impairment allowance of approximately HK\$104,447,000 from net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3 was mainly related to the gross carrying amount of HK\$111,830,000. The directors of the Company have assessed the relevant borrower’s financial background, repayment abilities and expected future cash flows; and determined that an impairment allowance of approximately HK\$104,447,000 was provided.

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2020	1,083	–	7,000	8,083
Changes due to financial instruments recognised as at 1 April 2020				
– Impairment losses reversed	(18)	–	–	(18)
New financial assets originated or purchased	–	–	5,880	5,880
	<u>–</u>	<u>–</u>	<u>5,880</u>	<u>5,880</u>
As at 31 March 2021	<u>1,065</u>	<u>–</u>	<u>12,880</u>	<u>13,945</u>
ECL rate	<u>0.59%</u>	<u>N/A</u>	<u>92.00%</u>	<u>7.17%</u>

During the year ended 31 March 2021, included in the impairment allowance of approximately HK\$5,880,000 from new financial assets originated or purchased under Stage 3 was mainly related to the gross carrying amount of HK\$7,000,000. The directors of the Company have assessed the relevant borrower’s financial background, repayment abilities and expected future cash flows; and determined that an impairment allowance of approximately HK\$5,880,000 was provided.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. ACCOUNT RECEIVABLES

	<i>Notes</i>	<b>As at 31 March</b>	
		<b>2022</b>	<b>2021</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Trade receivables	(b)	<b>87,677</b>	104,782
Cash client receivables	(a)	<b>244,146</b>	258,375
Due from clearing house	(c)	<b>87</b>	341
		<b>331,910</b>	363,498
Less: Impairment		<b>(252,595)</b>	(137,219)
		<b>79,315</b>	226,279

Account receivables are denominated in the following currencies:

	<b>As at 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
HK\$	<b>79,315</b>	209,775
US\$	<b>–</b>	16,504
	<b>79,315</b>	226,279

Other than those disclosed in Note (a) below, the Group does not hold any collateral as security for other account receivables.

*Notes:*

#### (a) Analysis of cash client receivables

The carrying amount of cash client receivables of the Group was as follows:

	<b>As at 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Cash client receivables	<b>244,146</b>	258,375
Less: Impairment		
– Stage 1	<b>(18)</b>	(9)
– Stage 2	<b>–</b>	(10,896)
– Stage 3	<b>(164,900)</b>	(38,036)
	<b>79,228</b>	209,434

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (a) Analysis of cash client receivables (Continued)

- (i) As at 31 March 2022, the Group held securities with an aggregate fair value of HK\$248,991,000 (2021: HK\$404,232,000) as collaterals over the receivables. The cash client receivables are interest-bearing and have no fixed repayment terms.

No aging analysis is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of securities brokerage business.

- (ii) The following is the analysis of the gross carrying amount of the cash client receivables as at 31 March 2022 and 2021 by Loan-to-collateral value (“LTV”) and year end classification:

As at 31 March 2022	12-month	Lifetime ECLs		Total
	ECLs	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LTV at 100% or above	–	19	175,227	175,246
LTV less than 100%	68,900	–	–	68,900
	<u>68,900</u>	<u>19</u>	<u>175,227</u>	<u>244,146</u>
As at 31 March 2021	12-month	Lifetime ECLs		Total
	ECLs	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LTV at 100% or above	–	134,896	45,035	179,931
LTV less than 100%	78,444	–	–	78,444
	<u>78,444</u>	<u>134,896</u>	<u>45,035</u>	<u>258,375</u>

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK\$12,309,000 (2021: HK\$8,301,000).

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (a) Analysis of cash client receivables (Continued)

(iii) The movements in the impairment allowance of cash client receivables were as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2021	9	10,896	38,036	48,941
Changes in the impairment allowance due to financial assets as at 1 April 2021				
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to 3	–	–	2	2
– Transfer from Stage 2 to Stage 3	–	(10,896)	10,896	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3	–	–	112,854	112,854
New financial assets originated or purchased	9	–	3,112	3,121
	<u>18</u>	<u>–</u>	<u>164,900</u>	<u>164,918</u>
As at 31 March 2022				
ECL rate	<u>0.03%</u>	<u>N/A</u>	<u>94.11%</u>	<u>67.55%</u>

The following significant changes in the gross carrying amounts of cash client receivables contributed to the increase in the impairment allowance during the year ended 31 March 2022:

- Transfer of cash client receivables of HK\$129,644,000 from stage 2 to the stage 3 resulting in an increase in impairment allowance of HK\$112,854,000.

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2020	77	658	35,793	36,528
Changes in the impairment allowance due to financial assets as at 1 April 2020				
– Transfer from Stage 1 to Stage 2	(72)	72	–	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 2	–	989	–	989
New financial assets originated or purchased	4	9,177	2,243	11,424
	<u>9</u>	<u>10,896</u>	<u>38,036</u>	<u>48,941</u>
As at 31 March 2021				
ECL rate	<u>0.01%</u>	<u>8.08%</u>	<u>84.46%</u>	<u>18.94%</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (a) Analysis of cash client receivables (Continued)

- (iii) The movements in the impairment allowance of cash client receivables were as follows:  
(Continued)

The following significant changes in the gross carrying amounts of cash client receivables contributed to the increase in the impairment allowance during the year ended 31 March 2021:

- Increase in gross cash client receivables of HK\$38,872,000, which included origination of new client receivables and new drawdown from existing clients.

Management has assessed the market value of the pledged securities of each individual client at the end of each reporting period. The collateral held can be sold at the Group's discretion to settle any outstanding amount owned by the cash clients.

#### (b) Analysis of trade receivables

The carrying amount of trade receivables of the Group was as follows:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Trade receivables	87,677	104,782
Less: Impairment	<u>(87,677)</u>	<u>(88,278)</u>
	<u>–</u>	<u>16,504</u>

- (i) The Group grants credit period ranging from 1 day to 60 days (2021: from 1 day to 60 days) to the customers of trading business. The aging analysis of relevant trade receivables at the end of the reporting period based on invoice date and before impairment allowance is as follows:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
1 – 30 days	–	1,896
31 – 60 days	–	–
61 – 90 days	–	–
91 – 180 days	–	–
Over 180 days	<u>87,677</u>	<u>102,886</u>
	<u>87,677</u>	<u>104,782</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (b) Analysis of trade receivables (Continued)

- (ii) The following is the analysis of the gross carrying amount of the trade receivables as at 31 March 2022 and 2021 by ECL assessment and year end classification:

#### As at 31 March 2022

	Lifetime ECL (provision matrix) HK\$'000	Credit- impaired HK\$'000	Total HK\$'000
Trade receivables included in account receivables			
– Not yet past due	–	–	–
– Past due	–	87,677	87,677
	<u>–</u>	<u>87,677</u>	<u>87,677</u>
	<u>–</u>	<u>87,677</u>	<u>87,677</u>

#### As at 31 March 2021

	Lifetime ECL (provision matrix) HK\$'000	Credit- impaired HK\$'000	Total HK\$'000
Trade receivables included in account receivables			
– Not yet past due	1,896	–	1,896
– Past due	15,209	87,677	102,886
	<u>17,105</u>	<u>87,677</u>	<u>104,782</u>
	<u>17,105</u>	<u>87,677</u>	<u>104,782</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (b) Analysis of trade receivables (Continued)

(iii) The movements in the impairment allowance of trade receivables were as follows:

	As at 31 March					
	Not credit- impaired HK\$'000	2022 Credit- impaired HK\$'000	Total HK\$'000	Not credit- impaired HK\$'000	2021 Credit- impaired HK\$'000	Total HK\$'000
At the beginning of year	601	87,677	88,278	268	-	268
Changes in the impairment allowance due to financial assets at the beginning of year						
- Transfer to credit-impaired	-	-	-	(177)	177	-
- Net remeasurement of ECL due to change in credit risk without transfer of stage	(11)	-	(11)	499	-	499
New financial assets originated or purchased	-	-	-	11	87,500	87,511
Write-offs	(590)	-	(590)	-	-	-
	<u>-</u>	<u>87,677</u>	<u>87,677</u>	<u>601</u>	<u>87,677</u>	<u>88,278</u>
At the end of year	-	87,677	87,677	601	87,677	88,278

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its trading business because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

During the year ended 31 March 2022, for trade receivables with gross carrying amount of HK\$87,677,000 in total, which has been past due over 180 days. A full provision had been made after the Group's assessment on the relevant customers' financial background, repayment abilities, expected future cash flows; and taken consideration of their non-response to collection activities. Based on our understanding, the Covid-19 outbreak had generated challenges for some companies in manufacturing and trading business. Consequently, those customers failed to obtain sufficient cashflow from operating business and to repay the amount owing to the Group. The provision for credit-impaired debtors of HK\$87,677,000 was mainly related to a customer with gross carrying amount of HK\$81,610,000 which full provision had been made in prior year. The Group had commenced legal proceedings against this customer and the first hearing for the case was conducted in May 2022. Up to date of this announcement, legal proceedings are still in progress.

The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Debtors that are credit-impaired with gross carrying amounts of HK\$87,677,000 as at 31 March 2022 (2021: HK\$87,677,000) were assessed individually. As at 31 March 2022, there are HK\$nil trade receivables subject to collective assessment, according the expected credit loss rate table is not presented.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (b) Analysis of trade receivables (Continued)

- (iii) The movements in the impairment allowance of trade receivables were as follows:  
(Continued)

As at 31 March 2021

	Not past due	Past due	Total
Expected credit loss rate	0.58%	3.88%	3.51%
Gross carrying amount (HK\$'000)	1,896	15,209	17,105
Expected credit losses (HK\$'000)	11	590	601

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2022, the Group reversed HK\$11,000 (2021: provided HK\$333,000) impairment allowance for trade receivables, based on the provision matrix. Impairment allowance of HK\$nil (2021: HK\$87,677,000) were made on credit-impaired debtors.

#### (c) Due from clearing house

The settlement terms of receivables arising from the ordinary course of business of dealing in securities from clearing house are within two days after trade date. Clearing house receivables are neither past due nor impaired and represent unsettled trades transacted on the last two days prior to the end of each financial year and solely related to the Hong Kong Securities Clearing Company Limited (“HKSCC”) for which there is limited risk of default.

In presenting the amounts due from HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payable to HKSCC.

No aging analysis is disclosed for account receivables from clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

As at 31 March 2022 and 2021, the amount due from clearing house was not past due.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Notes	As at 31 March	
		2022 HK\$'000	2021 HK\$'000
<b>Non-current</b>			
Other non-current deposits		292	486
Other assets	(1)	205	205
		<u>497</u>	<u>691</u>
<b>Current</b>			
Prepayments		1,789	854
Deposits and other receivables	(2)	30,656	13,855
Interest receivables	(3)	6,821	20,042
		<u>39,266</u>	<u>34,751</u>
Total deposits, prepayments and other receivables		<u>39,763</u>	<u>35,442</u>

Deposits, prepayments and other receivables are denominated in the following currencies:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
HK\$	35,115	23,648
RMB	824	–
US\$	3,824	11,794
	<u>39,763</u>	<u>35,442</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes:

#### (1) Other assets

The gross carrying amount of other assets of the Group was as follows:

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Hong Kong Securities Clearing Company Limited</b>		
– guarantee fund deposit	50	50
– admission fee	50	50
<b>The Stock Exchange of Hong Kong Limited</b>		
– compensation fund deposit	50	50
– fidelity fund deposit	50	50
– stamp duty deposit	5	5
	205	205
	205	205

As at 31 March 2022 and 2021, all other assets were not past due.

#### (2) Deposits and other receivables

No aging analysis is disclosed for deposits and other receivables as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

As at 31 March 2022 and 2021, all deposits and other receivables were not past due.

#### (3) Interest receivables

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest receivables	14,239	20,686
Less: Impairment	(7,418)	(644)
	6,821	20,042
	6,821	20,042

The Group's interest receivables, which arise from the money lending business, are denominated in Hong Kong dollars and repayable at terms as agreed with the borrowers.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (3) Interest receivables (Continued)

An aging analysis of the interest receivables as at the end of the reporting period, based on the due date and net of impairment allowance, is as follows:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Not past due	–	20,042
Less than 31 days past due	<u>6,821</u>	<u>–</u>
	<u><b>6,821</b></u>	<u><b>20,042</b></u>

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2022 and 2021 by the past due date and year end classification:

#### As at 31 March 2022

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Less than 31 days past due	–	9,286	–	9,286
31 to 90 days past due	–	–	4,428	4,428
Past due over 90 days	–	–	525	525
	<u>–</u>	<u>9,286</u>	<u>4,953</u>	<u>14,239</u>

#### As at 31 March 2021

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Not past due	20,161	–	–	20,161
Past due over 90 days	–	–	525	525
	<u>20,161</u>	<u>–</u>	<u>525</u>	<u>20,686</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

#### (3) Interest receivables (Continued)

The movements in the impairment allowance of interest receivables were as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2021	119	–	525	644
Changes due to financial instruments recognised as at 1 April 2021				
– Transfer from Stage 1 to Stage 2	(55)	55	–	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 2	–	2,410	–	2,410
– Transfer from Stage 1 to Stage 3	(64)	–	64	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	–	–	4,364	4,364
	<u>–</u>	<u>–</u>	<u>4,364</u>	<u>4,364</u>
As at 31 March 2022	<u>–</u>	<u>2,465</u>	<u>4,953</u>	<u>7,418</u>
ECL rate	<u>N/A</u>	<u>26.55%</u>	<u>100.00%</u>	<u>52.10%</u>

During the year ended 31 March 2022, included in the impairment allowance of approximately HK\$4,364,000 from net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3 was mainly related to the gross carrying amount of loan receivables of HK\$111,830,000.

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2020	53	–	525	578
New financial assets originated or purchased	66	–	–	66
	<u>119</u>	<u>–</u>	<u>525</u>	<u>644</u>
As at 31 March 2021	<u>119</u>	<u>–</u>	<u>525</u>	<u>644</u>
ECL rate	<u>0.59%</u>	<u>N/A</u>	<u>100.00%</u>	<u>3.11%</u>

The increase in the impairment allowance during the year ended 31 March 2021 was because of longer period has been counted, resulting in an increase in relevant gross interest receivables of HK\$11,513,000.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 16. SHARE CAPITAL

#### *Authorised shares:*

As at 31 March 2022, the total authorised number of ordinary shares is 9,600 million shares (2021 (restated): 9,600 million shares) with a par value of HK\$0.008333 per share (2021 (restated): HK\$0.008333 per share).

#### *Issued shares:*

	Number of shares '000	Share capital HK\$'000
As at 1 April 2020, 31 March 2021, 1 April 2021	4,384,782	3,654
Share consolidation ( <i>Note</i> )	(3,946,304)	-
	<hr/>	<hr/>
As at 31 March 2022	<u>438,478</u>	<u>3,654</u>

*Note:* With effect from 18 March 2022, every ten (10) issued and unissued shares of par value of HK\$0.0008333 each in the share capital of the Company were consolidated into one (1) consolidated share of par value of HK\$0.008333 of the Company (the “Share Consolidation”). Further details of the Share Consolidation are set out in the announcements of the Company dated 11 February 2022 and 17 March 2022 and the circular of the Company dated 24 February 2022.

### 17. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade payables	16,662	24,329
Cash client payables ( <i>Note a</i> )	12,556	15,706
Due to clearing house ( <i>Note b</i> )	87	-
	<hr/>	<hr/>
Total account payables	<u>29,305</u>	40,035
Other payables and accrued expenses		
Accrued expenses	3,021	4,193
Other payables	4,055	622
	<hr/>	<hr/>
Total other payables and accrued expenses	<u>7,076</u>	4,815
Total account payables, other payables and accrued expenses	<u><u>36,381</u></u>	<u><u>44,850</u></u>

## 17. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONTINUED)

### Notes:

- (a) The settlement terms of payables arising from securities brokerage business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.
- (b) In presenting the amounts due to HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC.
- (c) As at 31 March 2022 and 2021, all trade payables were aged within two months, based on invoice date. No aging analysis is disclosed for cash client payables and due to clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

Account payables, other payables and accrued expenses of the Group are denominated in the following currencies:

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
HK\$	19,674	18,398
RMB	24	811
US\$	16,683	25,641
	<u>36,381</u>	<u>44,850</u>

Other than those disclosed in note (a) above, account payables and other payables are unsecured, non-interest-bearing and repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 18. BORROWINGS

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings	177,373	336,475
Other borrowings	–	10,284
	<u>177,373</u>	<u>346,759</u>
Analysed as:		
– Secured	177,373	331,803
– Unsecured	–	14,956
	<u>177,373</u>	<u>346,759</u>

As at 31 March 2022, the Group's bank borrowings of HK\$177,373,000 are secured by the Group's owned properties situated in Hong Kong of HK\$209,103,000.

As at 31 March 2021, the Group's other borrowings of HK\$10,284,000 and bank borrowings of HK\$321,519,000 are secured by financial assets at fair value through profit or loss with carrying value of HK\$8,050,000, the Group's owned properties situated in Hong Kong of HK\$254,328,000 and pledged bank deposits of HK\$41,427,000.

The Group's secured bank borrowings, which contain a clause giving the lender an unconditional right to demand repayment at any time, have been classified as current liabilities irrespective of the probability that the lenders will invoke the clause without cause.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 18. BORROWINGS (CONTINUED)

The maturities of the bank borrowings that contain repayable on demand clause and other borrowings in accordance with the scheduled repayment dates are as follows:

	<b>As at 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The carrying amounts of other borrowings are repayable:		
– Within one year	–	10,284
	<u>–</u>	<u>10,284</u>
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
– Within one year	157,373	228,997
– Between one and two years	4,478	4,478
– Between two and five years	15,522	103,000
– Over five years	–	–
	<u>177,373</u>	<u>336,475</u>
	<u><b>177,373</b></u>	<u><b>346,759</b></u>

The exposure of the Group's borrowings are as follows:

	<b>As at 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Variable-rate borrowings	177,373	336,475
Fixed-rate borrowings	–	10,284
	<u>177,373</u>	<u>346,759</u>
	<u><b>177,373</b></u>	<u><b>346,759</b></u>

The Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (2021: same).

As at 31 March 2022, the Group's variable rate bank borrowings of approximately HK\$134,816,000 and HK\$42,557,000 are carrying interest at 3-month USD LIBOR plus premium and 3-month HIBOR respectively.

As at 31 March 2021, other borrowings of HK\$10,284,000 was secured, interest bearing at a fixed rate per annum and repayable within one year.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 18. BORROWINGS (CONTINUED)

Borrowings of the Group are denominated in the following currencies:

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	42,557	200,104
US\$	<u>134,816</u>	<u>146,655</u>
	<u><b>177,373</b></u>	<u><b>346,759</b></u>

### 19. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Leasehold improvements	<u>186</u>	<u>386</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECT

The Group was principally engaged in (i) trading business and (ii) financial services business.

#### (i) Trading business

The trading business segment that the Group operates includes computer and peripheral products and electronics products business.

During the year under review, the global market has been sluggish and volatile due to the negative impacts caused by the continuous trade disputes between the PRC and the United States of America, the outbreak of novel coronavirus (“COVID-19”) pandemic and the global economic slowdown. The Group operates in the industry which is dynamic and competitive and there have been constant changes in new technologies in the industry. The industry was challenging and the overall market competition was intensive during the year under review. Attributed to these market conditions, the Group’s overall revenue in the trading business segment decreased accordingly during the year under review, decreased by approximately HK\$294.6 million to approximately HK\$1,681.7 million, representing an diminishing of approximately 14.9%. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group also managed to further enhance its long-term and close business relationships with suppliers and customers. For the year ended 31 March 2022, the Group recorded a segment profit of approximately HK\$4.6 million (2021: segment loss of approximately HK\$89.2 million) for the trading business segment. The Group continues to monitor the market trends and takes prompt and appropriate actions to adjust our business strategies and allocates resources effectively under different market conditions.

#### (ii) Financial services business

The financial services business segment that the Group operates mainly includes securities brokerage business, advisory services business and money lending business. For the year ended 31 March 2022, the Group recorded an overall revenue of approximately HK\$20.8 million (2021: approximately HK\$47.3 million) and a segment loss of approximately HK\$280.5 million (2021: segment profit of approximately HK\$21.9 million) for the business segment of financial services business.

The global economic and financial market continued to fluctuate and deteriorate and the PRC's economic slowdown which brought uncertainties to the overall business environment. During the year under review, the Group recorded a revenue of approximately HK\$12.6 million (2021: approximately HK\$29.4 million) and a segment loss of approximately HK\$158.0 million (2021: segment profit of approximately HK\$10.8 million) respectively in respect of the Group's securities brokerage business. The revenue was HK\$nil (2021: HK\$nil) and the Group recorded a segment loss of approximately HK\$0.7 million (2021: approximately HK\$0.5 million) respectively in respect of the Group's advisory services business.

The Group engaged in money lending business through an indirect wholly-owned subsidiary of the Company, which holds a money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group recorded a revenue of approximately HK\$8.2 million (2021: approximately HK\$17.9 million) and a segment loss of approximately HK\$121.8 million (2021: segment profit of approximately HK\$11.6 million) in respect of the Group's money lending business.

## **LOOKING AHEAD**

Looking forward, as the outbreak of COVID-19 pandemic continues to generate unprecedented challenges and impact the global economy and the continuous trade dispute between the PRC and the United States of America, it is expected that the market conditions will be more unpredictable than the previous year as the world continued to be ravaged by the pandemic and shrouded in global economic uncertainties. However, the Group remained cautiously optimistic while moving forward steadfastly in the implementation of our business strategy. We will continue to closely work with our clients and business partners for the sustainable development of the Group and we will also closely monitor the development on the industries the Group operates in, and plan proactively to its impact on the financial position and operating results of the Group.

Looking ahead, the management are confident in the future development of the Group. The Group will continue to adhere to our principle of steady development, and positively cope with any challenges and capture suitable opportunities. The Group will continue to dedicate to exploiting new business opportunities in other business sectors from time to time, in order to further diversify and broaden revenue sources of the Group and generate fabulous returns and long-term values for the Shareholders.

## **FINANCIAL REVIEW**

### **Revenue and Gross Profit Margin**

Revenue by business segments for the Group's revenue for the year ended 31 March 2022 is as follows:

- Trading business: approximately HK\$1,681.7 million, being a decrease of approximately HK\$294.6 million when compared to the previous year of approximately HK\$1,976.3 million
- Financial services business (including securities brokerage business, advisory services business and money lending business): approximately HK\$20.8 million, being a decrease of approximately HK\$26.5 million when compared to the previous year of approximately HK\$47.3 million

The Group's total revenue for the year was approximately HK\$1,702.5 million, being a decrease of approximately HK\$321.2 million when compared to the previous year of approximately HK\$2,023.7 million. The decrease was mainly attributable to decrease in revenue derived from trading business.

Gross profit margin for the year was approximately 2.3% (2021: approximately 3.1%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit earned from financial services business for the year.

### **Selling Expenses**

The decrease in selling expenses by approximately HK\$1.0 million was mainly due to the decrease in employee benefit expenses.

### **General and Administrative Expenses**

General and administrative expenses for the year decreased by approximately HK\$3.4 million from the Last Corresponding Year, which was mainly due to the decrease in legal and professional fees of approximately HK\$1.4 million and employee benefit expenses of approximately HK\$1.9 million.

### **Expected Credit Loss on Financial Assets, net**

The increase in expected credit loss on financial assets by approximately HK\$139.1 million was mainly attributable to an increase in expected credit loss incurred from cash client receivables and loan receivables, mainly due to stock market volatility and the issue of recoverability as a result of the substantial deterioration of economic environment during the year.

### **Other Income/(Expenses) and Gains/(Losses), net**

The Group's other income and gains for the year was approximately HK\$0.8 million, being an increase of approximately HK\$2.6 million when compared to the other expenses and losses in previous year of approximately HK\$1.8 million. The change was mainly due to the increase in realised gain on disposal of equity investments at fair value through profit or loss of approximately HK\$2.0 million during the year.

### **Gain on Disposal of Property, Plant and Equipment**

Gain on disposal of property, plant and equipment for the year was approximately HK\$41.3 million (2021: HK\$nil). The change was mainly due to the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK\$36.5 million during the year.

### **Impairment of Goodwill**

Impairment of goodwill for the year was approximately HK\$48.6 million (2021: HK\$nil). Based on the assessment, the recoverable amount of the securities brokerage CGU, as included in the financial services business segment, is determined to be approximately HK\$5.0 million. The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK\$48.6 million is recognised in the profit or loss.

### **Finance Costs**

Finance costs for the year was approximately HK\$6.2 million, being a decrease of approximately HK\$1.7 million when compared to the previous year of approximately HK\$7.9 million. The reduction was mainly attributable to the decrease in bank borrowings during the year.

### **Income Tax Credit**

Income tax credit for the year was approximately HK\$20.2 million (2021: approximately HK\$12.5 million). The change was mainly due to the decrease in the assessable profits and increase in deferred tax assets for the year.

## **Loss for the Year**

The Group recorded a loss of approximately HK\$239.4 million for the Current Year, as compared to loss of approximately HK\$93.4 million for the Last Corresponding Year.

## **Loss for the Year Attributable to Owners of the Company**

The loss for the year attributable to the owners of the Company amounted to approximately HK\$241.0 million (2021: approximately HK\$93.1 million), resulted in a basic loss per share for the year of HK55.51 cent (2021: HK21.44 cent) and diluted loss per share for the year of HK55.51 cent (2021: HK21.44 cent).

## **Inventories, Loan Receivables and Account Receivables**

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities. Inventories as at 31 March 2022 was approximately HK\$14.7 million (31 March 2021: approximately HK\$13.7 million). The overall inventories turnover days remained healthy and reasonable for the year under review. The Group recorded an impairment of inventories of approximately HK\$1.6 million for the year ended 31 March 2022.

As at 31 March 2022, the Group's loan receivables amounted to HK\$57.9 million (31 March 2021: approximately HK\$180.6 million), which arise from its money lending business in Hong Kong. The Group recorded an expected credit loss of approximately HK\$122.7 million for the year ended 31 March 2022.

The Group continues to closely monitor the settlements from its customers on an ongoing basis to manage the credit risk from time to time. As at 31 March 2022, include in the account receivables, there are trade receivables, cash client receivables and clearing house receivables, which amounted to HK\$nil (31 March 2021: approximately HK\$16.5 million), approximately HK\$79.2 million (31 March 2021: approximately HK\$209.4 million) and HK\$0.1 million (31 March 2021: approximately HK\$0.3 million), respectively. Trade receivables are arising from its trading business. Cash client receivables and clearing house receivables are arising from its securities brokerage business. The Group recorded a reversal of expected credit loss on trade receivables of approximately HK\$0.1 million and recorded an expected credit loss on cash client receivables of approximately HK\$116.0 million and no expected credit loss for clearing house receivables for the Current Year.

## **Liquidity, Financial Resources, Working Capital and Treasury Policy**

The Group maintained a solid financial position during the year. As at 31 March 2022, cash and cash equivalents of the Group amounted to approximately HK\$46.7 million (31 March 2021: approximately HK\$68.3 million), and the Group's net assets amounted to approximately HK\$294.7 million (31 March 2021: approximately HK\$533.9 million). As at 31 March 2022, there was approximately HK\$177.4 million outstanding borrowings balance (31 March 2021: approximately HK\$346.8 million).

As at 31 March 2022, non-current assets of the Group amounted to approximately HK\$260.8 million (31 March 2021: approximately HK\$341.5 million), the Group's current assets amounted to approximately HK\$254.0 million (31 March 2021: approximately HK\$594.5 million), and net current assets as at 31 March 2022 amounted to approximately HK\$34.1 million (31 March 2021: approximately HK\$192.5 million). As at 31 March 2022, the current ratio was approximately 1.2 (31 March 2021: approximately 1.5) (calculated by dividing the total current assets by the total current liabilities).

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposits. The gearing ratio as at 31 March 2022 was approximately 30.7% (31 March 2021: approximately 30.8%).

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

The Group's financial resources are sufficient to support its business operations.

## **Capital Structure and Fund Raising Activities**

The capital of the Company comprises only ordinary shares.

No fund raising activities were conducted by the Company during the year.

With effect from 18 March 2022, every ten (10) issued and unissued shares of par value of HK\$0.000833 each in the share capital of the Company were consolidated into one (1) consolidated share of par value of HK\$0.008333 of the Company (the "**Share Consolidation**"). Further details of the Share Consolidation are set out in the announcement of the Company dated 11 February 2022 and 17 March 2022 and the circular of the Company dated 24 February 2022.

As at 31 March 2022, the number of ordinary shares of the Company issued and fully paid was 438,478,200 (2021: 438,478,200 (after share consolidation)).

### **Capital Commitments**

Other than disclosed in Note 19 to the consolidated financial information, the Group had no other capital commitments as at 31 March 2022.

### **Pledge of Assets**

As at 31 March 2022, the Group's bank borrowings of HK\$177.4 million is secured by Group's owned properties situated in Hong Kong of HK\$209.1 million.

As at 31 March 2021, the Group's other borrowings of HK\$10.3 million and bank borrowings of HK\$321.5 million are secured by financial assets at fair value through profit or loss with carrying value of HK\$8.1 million and the Group's owned properties situated in Hong Kong of HK\$254.3 million and pledged bank deposits of HK\$41.4 million.

### **Foreign Currency Exposure**

The Group is exposed to certain foreign currency risk primarily with respect to Renminbi ("RMB") and United States dollar ("US\$") as most of the transactions are denominated in Hong Kong dollar ("HK\$"), RMB and US\$. The Group is exposed to foreign exchange risk primarily through expenses transactions that are denominated in currencies other than the functional currencies of the group companies. During the year, the Group recorded a foreign exchange loss of approximately HK\$0.5 million (2021: approximately HK\$1.0 million). The Group manages its exposure to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the year, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep it at an acceptable level from time to time.

### **Contingent Liabilities**

The Group did not have any significant contingent liabilities as at 31 March 2022.

## **Employees and Emolument Policy**

As at 31 March 2022, the Group had a total of 28 employees. Employee benefits expenses, including Directors' remuneration for the year ended 31 March 2022, totally amounted to approximately HK\$14.5 million (2021: approximately HK\$17.3 million). The Group's remuneration policy is based on the position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme and a share award scheme for providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefits including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

## **Dividend**

The Board does not recommend the payment of final dividend for the year ended 31 March 2022.

## **Change of Company Name**

Pursuant to a special resolution passed at an extraordinary general meeting held on 15 April 2021, the shareholders have approved to change the name of the Company from Huabang Financial Holdings Limited to Huabang Technology Holdings Limited. Reference is made to the announcements of the Company dated 18 February 2021, 15 April 2021 and 8 June 2021 and the circular of the Company dated 23 March 2021.

## **COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES**

For the year ended 31 March 2022, none of the Directors, controlling shareholders of the Company or any of their respective associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings according to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2022.

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

During the Current Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The Board is committed to achieving high standards of corporate governance to safeguard the interest of the Company's shareholders and to enhance corporate value and accountability. During the year ended 31 March 2022, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, except in relation to CG Code provisions A.2.1, as more particularly described below.

### **CG Code provision A.2.1**

Code provision A.2.1 stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. During the year ended 31 March 2022, the Chairman and CEO of the Company was Mr. George Lu. The Board believes that vesting the roles of both Chairman and CEO in the same person will not impair the balance of power and authority between the Directors and the management of the Company. Mr. George Lu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company. The Board is of the view that although the Chairman is also the CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meets from time to time to discuss issues affecting operation of the Company. The Board also believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. Reference is made to the announcement of the Company dated 6 May 2022, Mr. George Lu has resigned as an Executive Director, Chairman and CEO of the Company with effect from 6 May 2022.

## **REVIEW BY AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference set out in the CG Code. The principle duties of the audit committee include the review and supervision of the Group's financial reporting matters, risk management and internal control procedures. The audit committee of the Board (the “**Audit Committee**”) comprises three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent (Chairman of the Audit Committee), Mr. Zhu Shouzhong and Mr. Li Huaqiang. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for the year ended 31 March 2022 with the Directors and the external auditors of the Company.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2022 have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement. The Audit Committee has reviewed the annual results for the year ended 31 March 2022.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Wednesday, 24 August 2022. Details of the annual general meeting will be set out in the notice of the annual general meeting which will be published and issued to shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 19 August 2022 to Wednesday, 24 August 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 18 August 2022.

**PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for the year ended 31 March 2022 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Huabang Technology Holdings Limited**  
**Liu Qiaosong**  
*Vice Chairman and Executive Director*

Hong Kong, 17 June 2022

*As at the date of this announcement, the Executive Directors of the Company are Mr. Liu Qiaosong and Mr. Qu Hongqing, and the independent Non-Executive Directors of the Company are Mr. Loo Hong Shing Vincent, Mr. Zhu Shouzhong and Mr. Li Huaqiang.*