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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 2023**

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 2023 (“**Current Year**”) together with the comparative figures of the corresponding year ended 31 March 2022 (“**Last Corresponding Year**”).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Note	Year ended 31 March	
		2023 HK\$'000	2022 HK\$'000
Revenue	4	456,565	1,702,549
Cost of sales		<u>(450,657)</u>	<u>(1,664,101)</u>
Gross profit		5,908	38,448
Selling expenses		(93)	(355)
General and administrative expenses		(44,358)	(39,584)
Expected credit loss on financial assets, net	5	(59,730)	(245,460)
Other income and gains, net	6	366	807
Gain on disposal of property, plant and equipment		302	41,349
Impairment of goodwill	13	<u>(3,391)</u>	<u>(48,622)</u>
Operating loss		(100,996)	(253,417)
Finance costs	7	<u>(8,663)</u>	<u>(6,188)</u>
Loss before income tax	8	(109,659)	(259,605)
Income tax (expense)/credit	9	<u>(20,315)</u>	<u>20,186</u>
Loss for the year		<u>(129,974)</u>	<u>(239,419)</u>
(Loss)/profit attributable to:			
Owners of the Company		(127,605)	(241,018)
Non-controlling interests		<u>(2,369)</u>	<u>1,599</u>
		<u>(129,974)</u>	<u>(239,419)</u>
Loss per share attributable to owners of the Company	10		
Basic		HK(26.55) cent	HK(55.51) cent
Diluted		<u>HK(26.55) cent</u>	<u>HK(55.51) cent</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loss for the year	(129,974)	(239,419)
Other comprehensive (expense)/income		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>(365)</u>	<u>243</u>
Total comprehensive expense for the year	<u>(130,339)</u>	<u>(239,176)</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(127,970)	(240,775)
Non-controlling interests	<u>(2,369)</u>	<u>1,599</u>
	<u>(130,339)</u>	<u>(239,176)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		As at 31 March	
		2023	2022
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	208,524	218,885
Right-of-use assets		11,120	–
Intangible assets	13	12,090	3,391
Interest in an associate		–	–
Deposits, prepayments and other receivables	16	1,495	497
Deferred tax assets		17,152	38,034
		<u>250,381</u>	<u>260,807</u>
		-----	-----
Current assets			
Inventories		27,672	14,740
Loan receivables	14	20,362	57,865
Account receivables	15	58,943	79,315
Deposits, prepayments and other receivables	16	45,828	39,266
Financial assets at fair value through profit or loss		372	847
Income tax recoverable		1,056	2,782
Bank balances held on behalf of clients		2,314	12,492
Cash and cash equivalents		30,959	46,660
		<u>187,506</u>	<u>253,967</u>
		-----	-----
Total assets		<u>437,887</u>	<u>514,774</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2023

		As at 31 March	
		2023	2022
	Note	HK\$'000	HK\$'000
EQUITY			
Share capital	17	4,385	3,654
Other reserves		559,600	538,775
Accumulated losses		(384,050)	(256,445)
		<hr/>	<hr/>
Total equity attributable to owners of the Company		179,935	285,984
Non-controlling interests		6,347	8,716
		<hr/>	<hr/>
Total equity		186,282	294,700
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
LIABILITIES			
Non-current liabilities			
Lease liabilities		7,943	–
Deferred tax liabilities		908	200
		<hr/>	<hr/>
		8,851	200
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Account payables	18	56,648	29,305
Other payables and accrued expenses	18	9,412	7,076
Contract liabilities		–	5,437
Lease liabilities		3,577	–
Borrowings	19	173,052	177,373
Income tax payables		65	683
		<hr/>	<hr/>
		242,754	219,874
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		251,605	220,074
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total equity and liabilities		437,887	514,774
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Net current (liabilities)/assets		(55,248)	34,093
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total assets less current liabilities		195,133	294,900
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	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 Note (a)	Capital reserve Note (b)	Statutory reserve Note (c)	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>	
For the year ended 31 March 2023												
Balance at 1 April 2022	3,654	502,332	(21,630)	50,374	2,480	1,042	4,177	538,775	(256,445)	285,984	8,716	294,700
Loss for the year	-	-	-	-	-	-	-	-	(127,605)	(127,605)	(2,369)	(129,974)
Other comprehensive income												
Currency translation differences	-	-	-	-	-	-	(365)	(365)	-	(365)	-	(365)
Total comprehensive expense for the year	-	-	-	-	-	-	(365)	(365)	(127,605)	(127,970)	(2,369)	(130,339)
Transactions with owners:												
Issuance of shares upon placement	731	20,860	-	-	-	-	-	20,860	-	21,591	-	21,591
Others	-	-	-	-	330	-	-	330	-	330	-	330
Total transaction with owner	731	20,860	-	-	330	-	-	21,190	-	21,921	-	21,921
Balance at 31 March 2023	<u>4,385</u>	<u>523,192</u>	<u>(21,630)</u>	<u>50,374</u>	<u>2,810</u>	<u>1,042</u>	<u>3,812</u>	<u>559,600</u>	<u>(384,050)</u>	<u>179,935</u>	<u>6,347</u>	<u>186,282</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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	Capital reserve	Statutory reserve	Exchange reserve					
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Note (a) HK\$'000</i>	<i>Note (b) HK\$'000</i>	<i>Note (c) 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>	
For the year ended 31 March 2022												
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 2023

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 i) deemed contribution by the immediate holding company 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 and ii) placing commission paid to a subsidiary of the Company for the placing of shares on 19 September 2022.

(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, Uglan 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) computer products trading business (including computer and peripheral products and electronics products business), (ii) food trading business and (iii) financial services business (including securities brokerage business, advisory services business and money lending business).

The directors considered Forever Star Capital Limited and Ms. Shen Wei to be the immediate holding company and the ultimate controlling shareholder respectively.

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 2022 for the preparation of the consolidated financial information:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 statements.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

2.2 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 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ 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)

2.2 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 2023, the application of the amendments will not result in reclassification of the Group’s liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases (“**HKFRS 16**”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets (“**HKAS 36**”).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group had net current liabilities of approximately HK\$55,248,000 as at 31 March 2023 and loss for the year of approximately HK\$129,974,000 for the year then ended. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. BASIS OF PREPARATION (CONTINUED)

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its repayment obligations, as and when they fall due. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

- the Group expects to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from computer products trading business and food trading business to generate additional operating cash inflows; and
- the Group is actively and regularly reviewing its capital structure and negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and by issuing new shares, where appropriate.

In addition, bank borrowings of HK\$151,250,000 as at 31 March 2023 were secured by the Group's owned properties situated in Hong Kong. The Group considered it has sufficient collateral to support the roll-over or refinancing of a substantial portion of the existing borrowings to extend the repayment dates to beyond twelve months from the end of the reporting period. In making this assessment, the Group has considered, among other things, the nature, the value and the volatility of value of its owned properties.

After considering the above, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to achieve the above plans and measures such that it would not be operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts and to provide for financial liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers (Note i)	451,324	1,682,162
Revenue from other sources		
<i>Interest income calculated using the effective interest method from:</i>		
– loan receivables	4,779	8,234
– cash client receivables	462	12,153
	5,241	20,387
Total revenue	456,565	1,702,549

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

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Type of goods or services		
Sales of goods	451,216	1,681,730
Service income		
– Provision of underwriting and placing services	–	195
Commission income		
– Provision of securities brokerage services	108	237
	451,324	1,682,162
Timing of revenue recognition		
A point in time	451,324	1,682,162

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)

4. 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.

In 2023, after the acquisition of food trading business, the CODM considers that the Group has three operating and reportable segments which are (i) computer products trading business (including computer and peripheral products and electronics products business), (ii) food trading business and (iii) 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 certain property, plant and equipment, right-of-use assets, intangible assets, inventories, account receivables, loan receivables, certain deposits, prepayments and other receivables, certain financial assets at fair value through profit or loss, certain cash and cash equivalents and bank balances held on behalf of clients. They exclude interest in an associate, deferred tax assets, income tax recoverable and other unallocated assets, which are managed centrally.

Segment liabilities consist primarily of account payables, lease liabilities, certain borrowings, certain other payables and accrued expenses 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)

4. 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 2023			
	Computer products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	426,324	24,892	5,349	456,565
Cost of sales from external customers	(430,661)	(19,996)	–	(450,657)
	(4,337)	4,896	5,349	5,908
Selling expenses	(25)	(9)	(59)	(93)
General and administrative expenses	(10,528)	(3,208)	(5,011)	(18,747)
(Expected credit loss)/reversal of expected credit loss on financial assets, net	–	19	(59,749)	(59,730)
Other income/(expenses) and gains/(losses), net	145	11	(55)	101
Gain on disposal of property, plant and equipment	1	–	–	1
Impairment of goodwill	–	–	(3,391)	(3,391)
Finance costs	(7,760)	(167)	–	(7,927)
Segment (loss)/profit	<u>(22,504)</u>	<u>1,542</u>	<u>(62,916)</u>	(83,878)
Unallocated income and expenses, net				<u>(25,781)</u>
Loss before income tax				(109,659)
Income tax expense				<u>(20,315)</u>
Loss for the year				<u><u>(129,974)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. 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 2022		
	Computer products 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	<u>(1,664,101)</u>	<u>–</u>	<u>(1,664,101)</u>
	17,629	20,819	38,448
Selling expenses	(269)	(86)	(355)
General and administrative expenses	(7,612)	(7,629)	(15,241)
(Expected credit loss)/reversal of 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	<u>(4,875)</u>	<u>(104)</u>	<u>(4,979)</u>
Segment profit/(loss)	<u>4,630</u>	<u>(280,486)</u>	<u>(275,856)</u>
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>

Interest revenue of HK\$5,241,000 (2022: HK\$20,387,000) was included in revenue from external customers, wholly contributed by financial services business segment.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. 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:

	Computer products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
31 March 2023				
Segment assets	<u>127,677</u>	<u>48,853</u>	<u>43,667</u>	<u>220,197</u>
Segment liabilities	<u>205,101</u>	<u>25,537</u>	<u>2,625</u>	<u>233,263</u>
		Computer products trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
31 March 2022				
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>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. 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	
	2023 HK\$'000	2022 HK\$'000
Segment assets	220,197	254,838
Cash and cash equivalents	3,728	8,155
Property, plant and equipment	195,284	209,995
Deposits, prepayments and other receivables	470	637
Financial assets at fair value through profit or loss	–	333
Deferred tax assets	17,152	38,034
Income tax recoverable	1,056	2,782
	<hr/>	<hr/>
Total assets	437,887	514,774
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	233,263	212,563
Deferred tax liabilities	908	200
Income tax payables	65	683
Borrowings	10,000	–
Other payables and accrued expenses	7,369	6,628
	<hr/>	<hr/>
Total liabilities	251,605	220,074
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

Other segment information

	For the year ended 31 March 2023			
	Computer products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Additions to property, plant and equipment	13	3,776	–	3,789
Depreciation of property, plant and equipment	1,617	159	126	1,902
Depreciation of right-of-use assets	527	524	–	1,051
Amortisation of intangible assets	–	139	–	139
Reversal of impairment of inventories	(1,562)	–	–	(1,562)
	For the year ended 31 March 2022			
	Computer products 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	

The Group commenced its food trading business after the acquisition of certain subsidiaries on 11 January 2023. There was no such business carried out by the Group in the prior years. Therefore, the segment information for the year ended 31 March 2022 was not re-presented.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. 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 financial instruments and deferred tax assets) is presented below based on the geographical location of the assets:

	As at 31 March	
	2023 HK\$'000	2022 HK\$'000
Hong Kong	231,528	221,609
The PRC	206	667
	<u>231,734</u>	<u>222,276</u>

Information about major customers

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

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Revenue from top five customers	407,675	1,617,616
Total revenue	456,565	1,702,549
Percentage	<u>89%</u>	<u>95%</u>
Number of customers that individually accounted for more than 10% of the Group's revenue	<u>2</u>	<u>1</u>

For the year ended 31 March 2023, there were two customers individually contributing over 10% of the total revenue of the Group. The revenue was arisen from computer products trading business and amounting to HK\$227,330,000 (2022: not over 10%) and HK\$93,751,000 (2022: HK\$1,399,932,000) for the year ended 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

Expected credit loss (“ECL”)/(reversal of expected credit loss) on financial assets, net are as follows:

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loan receivables (<i>Note 14</i>)	(5,970)	122,720
Cash client receivables (<i>Note 15</i>)	60,407	115,977
Trade receivables (<i>Note 15</i>)	(19)	(11)
Interest receivables (<i>Note 16</i>)	5,312	6,774
	<u>59,730</u>	<u>245,460</u>

6. OTHER INCOME AND GAINS, NET

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Finance income	33	137
Exchange gains/(losses)	219	(464)
Realised (losses)/gains on disposal of equity investments at fair value through profit or loss	(1,738)	2,224
Unrealised gains/(losses) on the change in fair value of equity investments at fair value through profit or loss	1,603	(1,652)
Handling fee income	–	601
Others	249	(39)
	<u>366</u>	<u>807</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

7. FINANCE COSTS

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Finance costs		
– Interest expenses on bank and other borrowings	8,592	6,188
– Interest expense on lease liabilities	71	–
	<u>8,663</u>	<u>6,188</u>

8. 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	
	2023 HK\$'000	2022 HK\$'000
Short term employee benefits	11,945	14,073
Post-employment benefits (<i>Note i</i>)	353	396
Others	638	28
	<u>12,936</u>	<u>14,497</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 2023, COVID-19 related government grants under "Employment Support Scheme" of the Hong Kong government, amounting to approximately HK\$509,000 (2022: HK\$nil) have been offset against employee benefit expenses.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

8. LOSS BEFORE INCOME TAX (CONTINUED)

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

(b) Other items

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Cost of inventories sold	450,657	1,664,101
Auditor's remuneration		
– audit service	900	1,008
– non-audit service	750	53
Depreciation of property, plant and equipment	10,200	10,960
Depreciation of right-of-use assets	1,051	–
Amortisation of intangible assets	139	113
Impairment loss on property, plant and equipment	6,000	–
Short-term lease rentals of premises	8	12
Service fees for broker supplied systems	1,277	1,526
	<u>1,277</u>	<u>1,526</u>

9. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong Profits Tax	2	684
Over-provision in prior years	(585)	(5,760)
Deferred income tax	20,898	(15,110)
	<u>20,315</u>	<u>(20,186)</u>

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 2023 and 2022. The applicable PRC corporate income tax rate during the years ended 31 March 2023 and 2022 is 25%.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

10. 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	
	2023	2022
Loss attributable to owners of the Company (HK\$'000)	<u>(127,605)</u>	<u>(241,018)</u>
Weighted average number of ordinary shares in issue	<u>480,568,216</u>	<u>434,203,800</u>
Basic loss per share	<u>HK(26.55) cent</u>	<u>HK(55.51) cent</u>

(b) Diluted

Diluted loss per share for the years ended 31 March 2023 and 2022 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 2023 and 2022.

11. DIVIDENDS

No final dividend for the years ended 31 March 2023 and 2022 was proposed.

12. PROPERTY, PLANT AND EQUIPMENT

During the year, there was additions of HK\$3,789,000 (2022: HK\$448,000) and additions from acquisition of subsidiaries is HK\$2,463,000 (2022: HK\$nil) for property, plant and equipment.

For the year ended 31 March 2023, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK\$363,000 (2022: HK\$36,466,000) which resulting in a gain on disposal of HK\$302,000 (2022: HK\$41,349,000).

For the year ended 31 March 2023, the Group recognised an impairment loss of HK\$6,000,000 for certain property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. INTANGIBLE ASSETS

	Goodwill <i>HK\$'000</i>	Money lending license <i>HK\$'000</i>	Customer relationship <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2023				
Opening carrying amount	3,391	–	–	3,391
Acquisition of subsidiaries	8,035	–	4,194	12,229
Amortisation	–	–	(139)	(139)
Impairment	(3,391)	–	–	(3,391)
	<u>8,035</u>	<u>–</u>	<u>4,055</u>	<u>12,090</u>
Closing carrying amount	<u>8,035</u>	<u>–</u>	<u>4,055</u>	<u>12,090</u>
At 31 March 2023				
Cost	64,689	1,703	6,950	73,342
Accumulated amortisation and impairment	(56,654)	(1,703)	(2,895)	(61,252)
	<u>8,035</u>	<u>–</u>	<u>4,055</u>	<u>12,090</u>
Net carrying amount	<u>8,035</u>	<u>–</u>	<u>4,055</u>	<u>12,090</u>
31 March 2022				
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>
Closing carrying amount	<u>3,391</u>	<u>–</u>	<u>–</u>	<u>3,391</u>
At 31 March 2022				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	(53,263)	(1,703)	(2,756)	(57,722)
	<u>3,391</u>	<u>–</u>	<u>–</u>	<u>3,391</u>
Net carrying amount	<u>3,391</u>	<u>–</u>	<u>–</u>	<u>3,391</u>

For the year ended 31 March 2023, amortisation charge of HK\$139,000 (2022: HK\$113,000) 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)

13. INTANGIBLE ASSETS (CONTINUED)

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The 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 customer relationships recognised during acquisition of Shag Mei International Food Limited (“**Shag Mei**”) was five years. At the end of the reporting period, the remaining amortisation period of the customer relationship of Shag Mei is 58 months.

Goodwill

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

	Food trading cash- generating unit HK\$'000	Securities brokerage cash- generating unit HK\$'000
Cost		
At 1 April 2021, 31 March 2022 and 1 April 2022	—	52,013
At 31 March 2023	8,035	52,013
Accumulated impairment		
At 1 April 2021	—	—
At 31 March 2022 and 1 April 2022	—	(48,622)
At 31 March 2023	—	(52,013)
Carrying amount		
At 31 March 2022	—	3,391
At 31 March 2023	8,035	—

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

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

- Securities brokerage cash-generating unit; and
- Food trading cash-generating unit.

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**”).

With assistance from independent professional valuer, the Group assessed the recoverable amount of the CGU based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2022: 5-year). 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)

13. 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	
	2023	2022
Terminal growth rate	3.0%	3.0%
Discount rate (pre-tax)	19.8%	16.4%

For the year ended 31 March 2023, the cash client receivables net of credit impaired provision of the Securities Brokerage CGU has decreased by approximately 77% compared to the year ended 31 March 2022. As a result, the valuer adjusted the revenue downward for the forecast period from the year ended 31 March 2024 to the year ended 31 March 2028 on the basis of the cash client receivables net of credit impaired provision for the year ended 31 March 2023.

There were no significant changes in the value of inputs and assumptions from those previously adopted, other than the updates in the Company's management's estimate of the future revenue growth. Up to date of approval of these consolidated financial statements, there are no subsequent changes to the valuation methods.

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\$320,000 (2022: HK\$4,994,000). The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK\$3,391,000 is recognised in the profit or loss for the year ended 31 March 2023 (2022: HK\$48,622,000). No other write-down of the assets of the Securities Brokerage CGU is considered necessary.

Food trading cash-generating unit

The Group recognised goodwill of HK\$8,035,000 during the year ended 31 March 2023 as a result of acquisition of the equity interest in Shag Mei. Shag Mei is principally engaged in the food trading business in Hong Kong (the "Food Trading CGU").

The recoverable amount of the CGU is determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a 5-year period. 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)

13. INTANGIBLE ASSETS (CONTINUED)

Food trading cash-generating unit (Continued)

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

	As at 31 March 2023
Terminal growth rate	2.1%
Discount rate (pre-tax)	18.4%

Management determined the budgeted revenue based on their expectations of market developments with the growth rates being estimated based on the industry forecasts and management's expectations. The terminal growth rate is based on the expected inflation rate. The discount rates reflect specific risks relating to the relevant operating segments. As at 31 March 2023, the estimated recoverable amounts of the Food Trading CGU exceeded its carrying value and the directors are of the opinion that there was no impairment of goodwill as at 31 March 2023.

14. LOAN RECEIVABLES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loan receivables	151,057	194,530
Less: Impairment		
– Stage 1	–	–
– Stage 2	–	(18,239)
– Stage 3	(130,695)	(118,426)
	20,362	57,865

The Group's loan receivables, which arise from its money lending business in Hong Kong, are denominated in HK\$, 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	
	2023	2022
	HK\$'000	HK\$'000
Within one year	20,362	57,865

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14. 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	
	2023 HK\$'000	2022 HK\$'000
Not past due	–	–
Less than 31 days past due	–	50,461
31 to 90 days past due	–	6,724
Past due over 90 days	<u>20,362</u>	<u>680</u>
	<u>20,362</u>	<u>57,865</u>

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2023 and 2022 by the past due date and year end classification:

As at 31 March 2023	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Past due over 90 days	<u>–</u>	<u>–</u>	<u>151,057</u>	<u>151,057</u>
	<u>–</u>	<u>–</u>	<u>151,057</u>	<u>151,057</u>
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	<u>–</u>	<u>–</u>	<u>14,000</u>	<u>14,000</u>
	<u>–</u>	<u>68,700</u>	<u>125,830</u>	<u>194,530</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14. 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 2022	–	18,239	118,426	136,665
Changes due to financial instruments recognised as at 1 April 2022				
– Repayments	–	(1,844)	(36,529)	(38,373)
– Transfer from Stage 2 to Stage 3	–	(16,395)	16,395	–
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	(1,538)	(1,538)
– Net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3	–	–	33,941	33,941
	<u>–</u>	<u>–</u>	<u>33,941</u>	<u>33,941</u>
As at 31 March 2023	<u>–</u>	<u>–</u>	<u>130,695</u>	<u>130,695</u>
ECL rate	<u>N/A</u>	<u>N/A</u>	<u>86.52%</u>	<u>86.52%</u>

During the year ended 31 March 2023, included in the impairment allowance of approximately HK\$33,941,000 from net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3 was mainly attributable to a gross carrying amount of loan receivables of HK\$61,756,000. 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\$33,941,000 was provided.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14. LOAN RECEIVABLES (CONTINUED)

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
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 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>18,239</u>	<u>118,426</u>	<u>136,665</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 new financial assets originated or purchased under Stage 3 was mainly attributable to a gross carrying amount of loan receivables 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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. ACCOUNT RECEIVABLES

	<i>Notes</i>	As at 31 March	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	(b)	130,857	87,677
Cash client receivables	(a)	241,290	244,146
Due from clearing house	(c)	–	87
		372,147	331,910
Less: Impairment		(313,204)	(252,595)
		58,943	79,315

Account receivables are denominated in the following currencies:

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	24,835	79,315
US\$	34,108	–
	58,943	79,315

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:

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash client receivables	241,290	244,146
Less: Impairment		
– Stage 1	–	(18)
– Stage 2	–	–
– Stage 3	(225,325)	(164,900)
	15,965	79,228

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

(a) Analysis of cash client receivables (Continued)

- (i) As at 31 March 2023, the Group held securities with an aggregate fair value of HK\$46,358,000 (2022: HK\$248,991,000) 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 brokerage business.

- (ii) The following is the analysis of the gross carrying amount of the cash client receivables as at 31 March 2023 and 2022 by Loan-to-collateral value (“LTV”) and year end classification:

As at 31 March 2023	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000		Stage 2 HK\$'000	Stage 3 HK\$'000	
LTV at 100% or above	–		–	239,722	239,722
LTV less than 100%	1,568		–	–	1,568
	<u>1,568</u>		<u>–</u>	<u>239,722</u>	<u>241,290</u>
As at 31 March 2022	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000		Stage 2 HK\$'000	Stage 3 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>

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK\$17,005,000 (2022: HK\$12,309,000).

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. 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 2022	18	–	164,900	164,918
Changes in the impairment allowance due to financial assets as at 1 April 2022				
– Transfer from Stage 1 to Stage 3	(18)	–	18	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to 3	–	–	60,118	60,118
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	288	288
New financial assets originated or purchased	–	–	1	1
As at 31 March 2023	–	–	225,325	225,325
ECL rate	N/A	N/A	93.99%	93.38%

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 2023:

- Transfer of cash client receivables of HK\$64,348,000 from stage 1 to the stage 3 resulting in an increase in impairment allowance of HK\$60,118,000.

	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
As at 31 March 2022	18	–	164,900	164,918
ECL rate	0.03%	N/A	94.11%	67.55%

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. 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 2022:

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

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	
	2023	2022
	HK\$'000	HK\$'000
Trade receivables	130,857	87,677
Less: Impairment	(87,879)	(87,677)
	<u>42,978</u>	<u>–</u>

(i) The Group grants credit period ranging from 1 day to 60 days (2022: 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	
	2023	2022
	HK\$'000	HK\$'000
1 – 30 days	41,772	–
31 – 60 days	1,264	–
61 – 90 days	–	–
91 – 180 days	–	–
Over 180 days	87,821	87,677
	<u>130,857</u>	<u>87,677</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. 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 2023 and 2022 by ECL assessment and year end classification:

As at 31 March 2023

	Lifetime ECL (provision matrix) HK\$'000	Credit- impaired HK\$'000	Total HK\$'000
Trade receivables included in account receivables			
– Not yet past due	41,772	–	41,772
– Past due	1,264	87,821	89,085
	<u>43,036</u>	<u>87,821</u>	<u>130,857</u>

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>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. 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	2023 Credit- impaired HK\$'000	Total HK\$'000	Not credit- impaired HK\$'000	2022 Credit- impaired HK\$'000	Total HK\$'000
At the beginning of year	-	87,677	87,677	601	87,677	88,278
Changes in the impairment allowance due to financial assets at the beginning of year						
- Transfer to credit-impaired	-	-	-	-	-	-
- Net remeasurement of ECL due to change in credit risk without transfer of stage	-	-	-	(11)	-	(11)
Acquisition of subsidiaries						
- New financial assets originated or purchased	82	101	183	-	-	-
- Net remeasurement of ECL due to change in credit risk without transfer of stage	(24)	43	19	-	-	-
Write-offs	-	-	-	(590)	-	(590)
At end of year	<u>58</u>	<u>87,821</u>	<u>87,879</u>	<u>-</u>	<u>87,677</u>	<u>87,677</u>

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 2023, for trade receivables with gross carrying amount of HK\$87,821,000 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 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\$87,821,000 as at 31 March 2023 (2022: HK\$87,677,000) were assessed individually. As at 31 March 2023, 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)

15. 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 2023

	Not past due	Past due	Total
Expected credit loss rate	0.03%	3.64%	0.13%
Gross carrying amount (HK\$'000)	41,772	1,264	43,036
Expected credit losses (HK\$'000)	12	46	58

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 2023, the Group reversed HK\$58,000 (2022: provided HK\$nil) impairment allowance for trade receivables, based on the provision matrix. Impairment allowance of HK\$nil (2022: HK\$nil) 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, the amount due from clearing house was not past due.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		As at 31 March	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
Non-current			
Other non-current deposits		1,290	292
Other assets	(1)	205	205
		<u>1,495</u>	<u>497</u>
Current			
Prepayments		2,595	1,789
Deposits and other receivables	(2)	43,233	30,656
Interest receivables	(3)	–	6,821
		<u>45,828</u>	<u>39,266</u>
Total deposits, prepayments and other receivables		<u>47,323</u>	<u>39,763</u>

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

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
HK\$	7,931	35,115
RMB	995	824
US\$	38,397	3,824
	<u>47,323</u>	<u>39,763</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. 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	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong Securities Clearing Company Limited		
– guarantee fund deposit	50	50
– admission fee	50	50
The Stock Exchange of Hong Kong Limited		
– compensation fund deposit	50	50
– fidelity fund deposit	50	50
– stamp duty deposit	5	5
	205	205
	205	205

As at 31 March 2023 and 2022, 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 2023 and 2022, all deposits and other receivables were not past due.

(3) Interest receivables

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Interest receivables	12,730	14,239
Less: Impairment	(12,730)	(7,418)
	–	6,821
	–	6,821

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)

16. 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	
	2023 HK\$'000	2022 HK\$'000
Not past due	–	–
Less than 31 days past due	–	6,821
Past due over 90 days	–	–
	–	6,821
	–	6,821

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2023 and 2022 by the past due date and year end classification:

As at 31 March 2023

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Past due over 90 days	–	–	12,730	12,730
	–	–	12,730	12,730

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
	–	9,286	4,953	14,239

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. 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 <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 2022	–	2,465	4,953	7,418
Changes due to financial instruments recognised as at 1 April 2022				
– Repayment	–	–	(1,509)	(1,509)
– Transfer from Stage 2 to Stage 3	–	(2,465)	2,465	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3	–	–	6,821	6,821
	<u>–</u>	<u>–</u>	<u>12,730</u>	<u>12,730</u>
As at 31 March 2023	<u>–</u>	<u>–</u>	<u>12,730</u>	<u>12,730</u>
ECL rate	<u>–</u>	<u>–</u>	<u>100%</u>	<u>100%</u>

During the year ended 31 March 2023, included in the impairment allowance of approximately HK\$6,821,000 from net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3 was mainly attributable to a gross carrying amount of loan receivables of HK\$61,756,000.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(3) Interest receivables (Continued)

	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
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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

17. SHARE CAPITAL

Authorised shares:

As at 31 March 2023, the total authorised number of ordinary shares is 9,600 million shares (2022: 9,600 million shares) with a par value of HK\$0.008333 per share (2022: HK\$0.008333 per share).

Issued shares:

	Number of shares '000	Share capital HK\$'000
As at 1 April 2021	4,384,782	3,654
Share consolidation (<i>Note (1)</i>)	<u>(3,946,304)</u>	<u>–</u>
As at 31 March 2022, 1 April 2022	438,478	3,654
Issuance of shares (<i>Note (2)</i>)	<u>87,684</u>	<u>731</u>
As at 31 March 2023	<u><u>526,162</u></u>	<u><u>4,385</u></u>

Notes:

- 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.
- On 19 September 2022, the Group completed a placing of new shares under general mandate (the “**Placing**”). 87,684,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$21.9 million. The net proceeds of approximately HK\$21.6 million from the Placing are intended to be used for trading business of the Group for the payment for procurement of computer and peripheral products. As at 31 March 2023, all of the net proceeds of approximately HK\$21.6 million had been fully utilised for the payment for procurement of computer and peripheral products for trading business.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

18. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2023 HK\$'000	2022 HK\$'000
Trade payables	54,334	16,662
Cash client payables (<i>Note a</i>)	2,314	12,556
Due to clearing house (<i>Note b</i>)	–	87
	<hr/>	<hr/>
Total account payables	56,648	29,305
	<hr/>	<hr/>
Other payables and accrued expenses		
Accrued expenses	3,431	3,021
Other payables	5,981	4,055
	<hr/>	<hr/>
Total other payables and accrued expenses	9,412	7,076
	<hr/>	<hr/>
Total account payables, other payables and accrued expenses	<u>66,060</u>	<u>36,381</u>

Notes:

- (a) The settlement terms of payables arising from securities 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 2023 and 2022, 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	
	2023 HK\$'000	2022 HK\$'000
HK\$	13,750	19,674
RMB	3	24
US\$	52,307	16,683
	<hr/>	<hr/>
	<u>66,060</u>	<u>36,381</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)

19. BORROWINGS

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Bank borrowings	163,052	177,373
Other borrowings	10,000	–
	<u>173,052</u>	<u>177,373</u>
Analysed as:		
– Secured	151,250	177,373
– Guaranteed	21,802	–
	<u>173,052</u>	<u>177,373</u>

As at 31 March 2023, the Group's bank borrowings of HK\$151,250,000 (2022: HK\$177,373,000) are secured by the Group's owned properties situated in Hong Kong of HK\$195,022,000 (2022: HK\$209,103,000).

As at 31 March 2023, the Group's bank borrowings of HK\$11,802,000 (2022: HK\$nil) and other borrowings of HK\$10,000,000 (2022: HK\$nil) are guaranteed by an independent third party and the spouse of the substantial shareholder of the Company respectively.

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)

19. 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:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
The carrying amounts of other borrowings are repayable:		
– Within one year	10,000	–
	10,000	–
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
– Within one year	138,355	157,373
– Between one and two years	7,217	4,478
– Between two and five years	17,480	15,522
	163,052	177,373
	173,052	177,373

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

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Variable-rate borrowings	157,044	177,373
Fixed-rate borrowings	16,008	–
	173,052	177,373

The Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (2022: same).

As at 31 March 2023, the Group's variable rate bank borrowings of approximately HK\$131,250,000 (2022: HK\$134,816,000) and HK\$25,794,000 (2022: HK\$42,557,000) are carrying interest at 3-month USD LIBOR plus premium and 3-month HIBOR respectively.

As at 31 March 2023, the Group's fixed rate bank borrowings of HK\$6,008,000 (2022: HK\$nil), and other borrowings of HK\$10,000,000 (2022: HK\$nil) are guaranteed, interest bearing at a fixed rate per annum and repayable within one year.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

19. BORROWINGS (CONTINUED)

Borrowings of the Group are denominated in the following currencies:

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	41,802	42,557
US\$	131,250	134,816
	<u>173,052</u>	<u>177,373</u>

20. CAPITAL COMMITMENTS

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

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Leasehold improvements	<u>-</u>	<u>186</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group was principally engaged in (i) computer products trading business, (ii) food trading business and (iii) financial services business.

(i) Computer products trading business

During the year under review, there are various factors such as the continuous threat of COVID-19 pandemic and its variants, the increase of interest rates by major economies such as US to curb inflation, the disruption in supply chain, the continuous trade disputes between China and US, and the geopolitical tension in various regions, the Mainland China economic slowdown due to continuous lockdowns of major cities such as Guangzhou, Shenzhen, Shanghai, all these factors adversely affect the overall economic and business environment which slowed down global economy and hampered international trade. It has continuously generated unprecedented challenges and uncertainties to the overall trading business environment in which the Group operates during the year under review. Attributed to these market conditions, the Group's overall revenue in the computer products trading business segment decreased accordingly during the year under review, decreased by approximately HK\$1,255.4 million to approximately HK\$426.3 million, representing a diminishing of approximately 74.6%. 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 2023, the Group recorded a segment loss of approximately HK\$22.5 million (2022: segment profit of approximately HK\$4.6 million) for the computer products 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) Food trading business

On 11 January 2023, Excel Goal Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Shag Mei International Food Limited (“**Shag Mei**”) and Legend International Food Limited (“**Legend**”) pursuant to a sales and purchase agreement dated 3 October 2022. Shag Mei International Food Limited and Legend International Food Limited are principally engaged in trading of food products and provision of food processing in Hong Kong respectively.

The acquisition presents a great opportunity for the Group to increase its overall competitiveness and strengthen its growth momentum by expanding its trading business layout to meet the ever-changing demands which are crucial in facing market uncertainty.

The acquisition would allow the Group to accelerate business expansion in the trading segment. Upon completion of the acquisition, the Group further expand its trading products to food products. Given the difference in consumer demand between the Group's current computer products trading business and those operated by the new acquired food trading business (fast-moving nature of products), it is an opportunity for the Group to broaden its revenue streams.

Revenue and segment profit from this new food trading business contributed approximately HK\$24.9 million and 1.5 million respectively for the year ended 31 March 2023.

(iii) 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 2023, the Group recorded an overall revenue of approximately HK\$5.3 million (2022: approximately HK\$20.8 million) and a segment loss of approximately HK\$62.9 million (2022: approximately HK\$280.5 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\$0.5 million (2022: approximately HK\$12.6 million) and a segment loss of approximately HK\$68.1 million (2022: segment loss of approximately HK\$157.9 million) respectively in respect of the Group's securities brokerage business. The revenue was HK\$nil (2022: HK\$nil) and the Group recorded a segment loss of approximately HK\$nil (2022: approximately HK\$0.7 million) respectively in respect of the Group's advisory services business. The Group recorded a revenue of approximately HK\$4.8 million (2022: approximately HK\$8.2 million) and a segment profit of approximately HK\$5.2 million (2022: segment loss of approximately HK\$121.8 million) in respect of the Group's money lending business.

LOOKING AHEAD

In respect of the trading business of computer and peripheral products and electronics products, the global economic slowdown, the continuous trade disputes between the PRC and the United States of America and the disruption in supply chain generated unprecedented challenges to the global economy and negatively affected the overall business environment. However, it is anticipated that many countries may adopt flexible and accommodative monetary policies and fiscal stimulus to provide liquidity to counter economic downturn. We are still confident in the future development of the Group in long-term. Despite possible disruptions to the Mainland economy, we are confident about the mid-to-long-term recovery of the Mainland market. In Mainland China, it is expected that the economy will be stable with growth as the pandemic has been under control. We believe the central government will continue to provide accommodative monetary policy and fiscal stimulus necessary to support economic growth. The Group will target the market of the Mainland China, particularly in the Greater Bay Area, as a majorly market. Looking ahead, it is expected that, under the orderly pandemic prevention and control measures, resumption of work, production and business, the Mainland and domestic economy will continue to recover as well as the market demand of computer and peripheral products and electronics products in the second half of the year.

In respect of the food trading business, the Group took a positive view of the future prospects of the food trade business. Unlike other consumer discretionary products (such as durable goods and personal electronic products), food products enjoy a stable demand across a broad range of economic conditions. Based on the financial results of the business for the past few years, notwithstanding the social unrest experienced in Hong Kong in 2019 and the impact of the COVID-19 pandemic, this business performed steadily and continued to record profits even when broad sections of the economy in Hong Kong suffered. Looking ahead, as Hong Kong removed travel restrictions and as economic activities recover, the Group anticipates higher levels of consumer consumption, and higher demand from the local restaurants/catering service providers, resellers and retailers, which is expected to benefit the financial performance of the business.

In respect of the financial services business, this business segment's financial contribution to the Group's results has fluctuated over the years as global economic conditions worsened under the impact of the COVID-19 pandemic, financial markets continued to fluctuate and deteriorate, and the PRC's economic slowdown. These factors brought uncertainties to the overall business environment for the financial services business. In view of the uncertainties faced by the financial services business, which has particularly affected smaller brokerage business and money lending business like that operated by the Group, the Group would be receptive to downsize or terminate the financial services business and also the Group would be receptive to any feasible proposals to dispose of the financial service business as suitable opportunities arise. Notwithstanding the Group's sentiment towards the financial services business abovementioned, for the avoidance of doubt, the Group has not entered into any binding commitment in respect of the disposal of part or all of the Group's financial services business.

Looking ahead, the management is confident with 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 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 2023 is as follows:

- Computer products trading business: approximately HK\$426.3 million, being a decrease of approximately HK\$1,255.4 million when compared to the previous year of approximately HK\$1,681.7 million
- Food trading business: approximately HK\$24.9 million
- Financial services business (including securities brokerage business, advisory services business and money lending business): approximately HK\$5.3 million, being a decrease of approximately HK\$15.5 million when compared to the previous year of approximately HK\$20.8 million

The Group's total revenue for the year was approximately HK\$456.6 million, being a decrease of approximately HK\$1,245.9 million when compared to the previous year of approximately HK\$1,702.5 million. The decrease was mainly attributable to decrease in revenue derived from computer products trading business.

Gross profit margin for the year was approximately 1.3% (2022: approximately 2.3%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit earned from financial services business and computer products trading business for the year.

Selling Expenses

The decrease in selling expenses by approximately HK\$0.3 million was mainly due to the decrease in employee benefit expenses.

General and Administrative Expenses

General and administrative expenses for the year increased by approximately HK\$4.8 million from the Last Corresponding Year, which was mainly due to the impairment loss on property, plant and equipment of approximately HK\$6.0 million.

Expected Credit Loss on Financial Assets, net

Expected Credit Loss (“ECL”) on financial assets for the Current Year was approximately HK\$59.7 million, being a decrease of approximately HK\$185.8 million when compared to the Last Corresponding Year of approximately HK\$245.5 million. The change was mainly attributed to the change in ECL incurred from cash client receivables due to stock market volatility and the issue of recoverability as a result of the substantial deterioration of the economic environment during the Current Year. The Group did not engage any independent external valuers to perform the assessment of ECL on financial assets, instead, conducted an internal assessment and evaluation to support the impairment made. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Expected credit loss/(reversal of expected credit loss) on financial assets, net are as follows:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Loan receivables (i)	(5,970)	122,720
Cash client receivables (ii)	60,407	115,977
Trade receivables	(19)	(11)
Interest receivables (i)	5,312	6,774
	<hr/>	<hr/>
Total ECL on financial assets recognised in profit or loss	59,730	245,460
	<hr/> <hr/>	<hr/> <hr/>

(i) *Expected credit loss on loan receivables and interest receivables*

Loan receivables and interest receivables are arising from the money lending business. The business model of the money lending business is targeted to provide short-term loan financing to individual and corporate clients through its business network in Hong Kong. The term of loans is within one year. The interest rate is within a range from 8% to 18% by reference to the market.

For the year ended 31 March 2023, the Group recorded a reversal of expected credit loss on loans receivables of approximately HK\$6.0 million (2022: provision of approximately HK\$122.7 million) and recorded a provision of expected credit loss on interest receivables of approximately HK\$5.3 million (2022: approximately HK\$6.8 million), after assessing all the borrowers' financial background, repayment abilities and expected future cash flows. During the year, the repayment of loan receivables and interest receivables were approximately HK\$43.5 million and HK\$1.5 million respectively.

(ii) Expected credit loss on cash client receivables

Cash client receivables are arising from the securities brokerage business. For cash client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet the loan call requirement and use the loan-to-collateral value (“LTV”) to make its assessment.

The Group considers a cash client receivable is in default when LTV is larger than a defined benchmark. However, in certain cases, the Group may also consider a cash client receivable to be in default when there is a significant shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A cash client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

For the year ended 31 March 2023, the Group recorded an expected credit loss on cash client receivables of approximately HK\$60.4 million (2022: approximately HK\$116.0 million). The change was mainly due to stock market volatility and the economic downturn during the year. The market value of the pledged securities of each client decreased significantly and repayment abilities deteriorated.

Other Income and Gains, net

The Group’s other income and gains for the year was approximately HK\$0.4 million, being a decrease of approximately HK\$0.4 million when compared to the other income and gains in previous year of approximately HK\$0.8 million. The change was mainly due to the increase in realised loss on disposal of equity investments at fair value through profit or loss of approximately HK\$1.7 million recorded during the year (2022: gain of approximately HK\$2.2 million).

Gain on Disposal of Property, Plant and Equipment

Gain on disposal of property, plant and equipment for the year was approximately HK\$0.3 million (2022: HK\$41.3 million). The gain for the year was mainly due to the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK\$0.4 million during the year.

Impairment of Goodwill

Impairment of goodwill for the year was approximately HK\$3.4 million (2022: HK\$48.6 million). 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\$0.3 million. The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK\$3.4 million is recognised in the profit or loss.

Finance Costs

Finance costs for the year was approximately HK\$8.7 million, being an increase of approximately HK\$2.5 million when compared to the previous year of approximately HK\$6.2 million. The increase was mainly attributable to the increase in loan interest rate during the year.

Income Tax Expense/Credit

Income tax expense for the year was approximately HK\$20.3 million (2022: income tax credit approximately HK\$20.2 million). The change was mainly due to the decrease in the assessable profits and decrease in deferred tax assets for the year.

Loss for the Year

The Group recorded a loss of approximately HK\$130.0 million for the Current Year, as compared to loss of approximately HK\$239.4 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\$127.6 million (2022: approximately HK\$241.0 million), resulted in a basic loss per share for the year of HK26.55 cent (2022: HK55.51 cent) and diluted loss per share for the year of HK26.55 cent (2022: HK55.51 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 2023 was approximately HK\$27.7 million (31 March 2022: approximately HK\$14.7 million). The overall inventories turnover days remained healthy and reasonable for the year under review. The Group recorded a reversal of impairment of inventories of approximately HK\$1.6 million for the year ended 31 March 2023 (2022: provision of approximately HK\$1.6 million).

As at 31 March 2023, the Group's loan receivables amounted to HK\$20.4 million (31 March 2022: approximately HK\$57.9 million), which arise from its money lending business in Hong Kong. The Group recorded a reversal of expected credit loss of approximately HK\$6.0 million for the year ended 31 March 2023.

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 2023, include in the account receivables, there are trade receivables, cash client receivables and clearing house receivables, which amounted to HK\$43.0 million (31 March 2022: approximately HK\$nil), approximately HK\$16.0 million (31 March 2022: approximately HK\$79.2 million) and HK\$nil (31 March 2022: approximately HK\$0.1 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\$60.4 million and no expected credit loss for clearing house receivables for the Current Year.

Liquidity, Financial Resources, Working Capital and Treasury Policy

As at 31 March 2023, cash and cash equivalents of the Group amounted to approximately HK\$31.0 million (31 March 2022: approximately HK\$46.7 million), and the Group's net assets amounted to approximately HK\$186.3 million (31 March 2022: approximately HK\$294.7 million). As at 31 March 2023, there was approximately HK\$173.1 million outstanding borrowings balance (31 March 2022: approximately HK\$177.4 million).

As at 31 March 2023, non-current assets of the Group amounted to approximately HK\$250.4 million (31 March 2022: approximately HK\$260.8 million), the Group's current assets amounted to approximately HK\$187.5 million (31 March 2022: approximately HK\$254.0 million), and net current liabilities as at 31 March 2023 amounted to approximately HK\$55.2 million (31 March 2022: net current asset approximately HK\$34.1 million). As at 31 March 2023, the current ratio was approximately 0.8 (31 March 2022: approximately 1.2) (calculated by dividing the total current assets by the total current liabilities).

This gearing ratio of the Group 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 2023 was approximately 43.3% (31 March 2022: approximately 30.7%).

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from the Company's equity fund raising exercises. In order to release the Group's liquidity stress, the Group will resolve different approaches including but not limited to reduction of overall operating cost of in all aspects and endeavor to obtain both long-term and short-term credit facilities. The Group will strive to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group would also be receptive to any feasible proposals to dispose of the low utilizing properties as suitable opportunities arise. The Group will continue to make efforts to improve the Group's liquidity and financial position by any ways including actively and regularly reviewing its capital structure negotiating with banks and other institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and by issuing bonds or new shares, where appropriate.

Capital Structure and Fund Raising Activities

The capital of the Company comprises only ordinary shares.

On 19 September 2022, the Group completed a placing of new shares under general mandate, 87,684,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$21.9 million. The net proceeds of approximately HK\$21.6 million from the Placing are intended to be used for trading business of the Group for the payment for procurement of computer and peripheral products. As at 31 March 2023, all of the net proceeds of approximately HK\$21.6 million had been fully utilised as intended for the payment for procurement of computer and peripheral products for trading business.

As at 31 March 2023, the number of ordinary shares of the Company issued and fully paid was 526,162,200 (2022: 438,478,200 (after share consolidation)).

Capital Commitments

Other than disclosed in Note 20 to the consolidated financial information, the Group had no other capital commitments as at 31 March 2023.

Pledge of Assets

As at 31 March 2023, the Group's bank borrowings of HK\$151.3 million (2022: HK\$177.4 million) are secured by the Group's owned properties situated in Hong Kong of HK\$195.0 million (2022: HK\$209.1 million).

As at 31 March 2023, the Group's bank borrowings of HK\$11.8 million and other borrowings of HK\$10.0 million are guaranteed by an independent third party and the spouse of the substantial shareholder of the Company respectively.

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 gain of approximately HK\$0.2 million (2022: foreign exchange loss of approximately HK\$0.5 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 2023.

Employees and Emolument Policy

As at 31 March 2023, the Group had a total of 45 employees. Employee benefits expenses, including Directors' remuneration for the year ended 31 March 2023, totally amounted to approximately HK\$12.9 million (2022: approximately HK\$14.5 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 2023.

Material Acquisition

On 11 January 2023, Excel Goal Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Shag Mei International Food Limited ("**Shag Mei**") and Legend International Food Limited ("**Legend**") pursuant to a sales and purchase agreement dated 3 October 2022. Shag Mei International Food Limited and Legend International Food Limited are principally engaged in trading of food products and provision of food processing in Hong Kong respectively. Reference is made to the announcements of the Company dated 3 October 2022, 16 December 2022 and 11 January 2023.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2023, 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 2023.

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 2023, 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 period from 1 April 2022 to 6 May 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 principal 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 2023 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 2023 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 2023.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 18 August 2023. 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 Tuesday, 15 August 2023 to Friday, 18 August 2023 (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 14 August 2023.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 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 2023 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
Qu Hongqing
Executive Director

Hong Kong, 20 June 2023

As at the date of this announcement, the Executive Director of the Company is 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.