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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 2024**

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 2024 (“**Current Year**”) together with the comparative figures of the corresponding year ended 31 March 2023 (“**Last Corresponding Year**”).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2024

		Year ended 31 March	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	4	357,111	456,565
Cost of sales		<u>(342,907)</u>	<u>(450,657)</u>
Gross profit		14,204	5,908
Selling expenses		(1,347)	(93)
General and administrative expenses		(47,053)	(44,358)
Reversal of expected credit loss/(expected credit loss) on financial assets, net	5	53,962	(59,730)
Other income and gains, net	6	2,542	366
Gain on disposal of property, plant and equipment		500	302
Impairment of goodwill	13	<u>-</u>	<u>(3,391)</u>
Operating profit/(loss)		22,808	(100,996)
Finance costs	7	<u>(11,666)</u>	<u>(8,663)</u>
Profit/(loss) before income tax	8	11,142	(109,659)
Income tax expense	9	<u>(115)</u>	<u>(20,315)</u>
Profit/(loss) for the year		<u>11,027</u>	<u>(129,974)</u>
Profit/(loss) attributable to:			
Owners of the Company		14,759	(127,605)
Non-controlling interests		<u>(3,732)</u>	<u>(2,369)</u>
		<u>11,027</u>	<u>(129,974)</u>
Earnings/(loss) per share attributable to owners of the Company	10		
Basic		HK2.30 cent	HK(26.55) cent
Diluted		<u>HK2.30 cent</u>	<u>HK(26.55) cent</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Profit/(loss) for the year	11,027	(129,974)
Other comprehensive (expense)/income		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	(95)	(365)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain on equity securities designated at fair value through other comprehensive income, net of nil tax	34	—
Other comprehensive expense for the year, net of nil tax	(61)	(365)
Total comprehensive income/(expense) for the year	10,966	(130,339)
Total comprehensive income/(expense) attributable to:		
Owners of the Company	14,689	(127,970)
Non-controlling interests	(3,723)	(2,369)
	10,966	(130,339)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		As at 31 March	
		2024	2023
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	198,311	208,524
Right-of-use assets		8,999	11,120
Intangible assets	13	11,250	12,090
Other financial assets		4,354	–
Deposits, prepayments and other receivables	16	3,156	1,495
Deferred tax assets		17,249	17,152
		<u>243,319</u>	<u>250,381</u>
		-----	-----
Current assets			
Inventories		8,261	27,672
Loan receivables	14	14,940	20,362
Account receivables	15	115,441	58,943
Deposits, prepayments and other receivables	16	5,973	45,828
Other financial assets		192	372
Income tax recoverable		1,016	1,056
Bank balances held on behalf of clients		6,305	2,314
Pledged bank deposits		14,982	–
Cash and cash equivalents		67,730	30,959
		<u>234,840</u>	<u>187,506</u>
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Total assets		<u><u>478,159</u></u>	<u><u>437,887</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2024

		As at 31 March	
		2024	2023
	Note	HK\$'000	HK\$'000
EQUITY			
Share capital	17	7,892	4,385
Other reserves		644,373	559,600
Accumulated losses		(369,291)	(384,050)
		<u>282,974</u>	<u>179,935</u>
Total equity attributable to owners of the Company			
Non-controlling interests		(3,735)	6,347
		<u>279,239</u>	<u>186,282</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,826	7,943
Deferred tax liabilities		815	908
		<u>6,641</u>	<u>8,851</u>
Current liabilities			
Account payables	18	60,392	56,648
Other payables and accrued expenses	18	5,057	9,412
Lease liabilities		3,890	3,577
Borrowings	19	122,940	173,052
Income tax payables		–	65
		<u>192,279</u>	<u>242,754</u>
Total liabilities		<u>198,920</u>	<u>251,605</u>
Total equity and liabilities		<u>478,159</u>	<u>437,887</u>
Net current assets/(liabilities)		<u>42,561</u>	<u>(55,248)</u>
Total assets less current liabilities		<u>285,880</u>	<u>195,133</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company												
	Other reserves									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	Fair value reserve	Sub total				
HK\$'000	HK\$'000	HK\$'000	Note (a) HK\$'000	Note (b) HK\$'000	Note (c) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the year ended 31 March 2024													
Balance at 1 April 2023	4,385	523,192	(21,630)	50,374	2,810	1,042	3,812	-	559,600	(384,050)	179,935	6,347	186,282
Profit for the year	-	-	-	-	-	-	-	-	-	14,759	14,759	(3,732)	11,027
Other comprehensive (expense)/income													
Currency translation differences	-	-	-	-	-	-	(104)	-	(104)	-	(104)	9	(95)
Net change in fair value of equity securities designated at fair value through other comprehensive income	-	-	-	-	-	-	-	34	34	-	34	-	34
Total comprehensive (expense)/income for the year	-	-	-	-	-	-	(104)	34	(70)	14,759	14,689	(3,723)	10,966
Transactions with owners:													
Issuance of shares upon placement	877	24,639	-	-	-	-	-	-	24,639	-	25,516	-	25,516
Issuance of shares upon rights issue	2,630	54,194	-	-	-	-	-	-	54,194	-	56,824	-	56,824
Transaction costs attributable to shares issued upon rights issue	-	(1,405)	-	-	-	-	-	-	(1,405)	-	(1,405)	-	(1,405)
Deemed partial disposal of subsidiaries without loss of control	-	-	-	-	7,339	-	-	-	7,339	-	7,339	(6,957)	382
Contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	598	598
Others	-	-	76	-	-	-	-	-	76	-	76	-	76
Total transaction with owners	3,507	77,428	76	-	7,339	-	-	-	84,843	-	88,350	(6,359)	81,991
Balance at 31 March 2024	7,892	600,620	(21,554)	50,374	10,149	1,042	3,708	34	644,373	(369,291)	282,974	(3,735)	279,239

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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	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 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 expense												
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 owners	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 2024

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; ii) placing commission paid to a subsidiary of the Company for the placing of shares on 19 September 2022; and iii) the excess of the considerations received from over the changes in the carrying amounts of non-controlling interests in the disposal of partial interests in subsidiaries.

(c) Statutory reserve

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively “**the Group**”) are principally engaged in (i) computer and electronic 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 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND CHANGES IN OTHER ACCOUNTING POLICIES

2.1 New and amendments to **HKFRSs** that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial information:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as disclosed below, the application of the new and 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (CONTINUED)

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented. Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to Mandatory Provident Fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. The abolition of the offsetting mechanism did not have a material impact on the Group’s results and financial position.

2.3 Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
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	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

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

³ Effective for annual periods beginning on or after 1 January 2025

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (CONTINUED)

2.3 Amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Noncurrent Liabilities with Covenants (the “2022 Amendments”)

The 2020 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 noncurrent, which:

- 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*.
- 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 the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 March 2024, the application of the 2020 and 2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers (Note i)	355,854	451,324
Revenue from other sources		
<i>Interest income calculated using the effective interest method from:</i>		
– loan receivables	1,257	4,779
– cash client receivables	–	462
	1,257	5,241
Total revenue	357,111	456,565

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

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Type of goods or services		
Sales of goods	355,841	451,216
Commission income		
– Provision of securities brokerage services	13	108
	355,854	451,324
Timing of revenue recognition		
A point in time	355,854	451,324

All the sales of goods 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.

The CODM considers that the Group has three operating and reportable segments which are (i) computer and electronic 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 profit/loss. 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 other financial assets, pledged bank deposit, certain cash and cash equivalents and bank balances held on behalf of clients. They exclude 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. 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 2024			
	Computer and electronic products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	248,840	107,001	1,270	357,111
Cost of sales from external customers	<u>(255,446)</u>	<u>(87,461)</u>	<u>–</u>	<u>(342,907)</u>
	(6,606)	19,540	1,270	14,204
Selling expenses	(1)	(1,346)	–	(1,347)
General and administrative expenses	(5,454)	(15,464)	(3,276)	(24,194)
(Expected credit loss)/reversal of expected credit loss on financial assets, net	(221)	40	54,143	53,962
Other (expenses)/income and (losses)/gains, net	(3,291)	570	(1)	(2,722)
Finance costs	<u>(6,652)</u>	<u>(1,013)</u>	<u>(24)</u>	<u>(7,689)</u>
Segment results	<u>(22,225)</u>	<u>2,327</u>	<u>52,112</u>	32,214
Unallocated income and expenses, net				<u>(21,072)</u>
Profit before income tax				11,142
Income tax expense				<u>(115)</u>
Profit for the year				<u>11,027</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 2023			
	Computer and electronic 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	<u>(430,661)</u>	<u>(19,996)</u>	<u>–</u>	<u>(450,657)</u>
	(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)
Reversal of expected credit loss/(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	<u>(7,760)</u>	<u>(167)</u>	<u>–</u>	<u>(7,927)</u>
Segment results	<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>(129,974)</u>

Interest revenue of HK\$1,257,000 (2023: HK\$5,241,000) 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 and electronic products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
31 March 2024				
Segment assets	<u>140,229</u>	<u>60,948</u>	<u>45,299</u>	<u>246,476</u>
Segment liabilities	<u>51,390</u>	<u>21,934</u>	<u>9,114</u>	<u>82,438</u>
	Computer and electronic 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>

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	
	2024	2023
	HK\$'000	HK\$'000
Segment assets	246,476	220,197
Cash and cash equivalents	13,815	3,728
Property, plant and equipment	192,767	195,284
Deposits, prepayments and other receivables	2,482	470
Other financial assets at fair value through other comprehensive income	4,354	–
Deferred tax assets	17,249	17,152
Income tax recoverable	1,016	1,056
	<hr/>	<hr/>
Total assets	478,159	437,887
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	82,438	233,263
Deferred tax liabilities	815	908
Income tax payables	–	65
Borrowings	113,734	10,000
Other payables and accrued expenses	1,933	7,369
	<hr/>	<hr/>
Total liabilities	198,920	251,605
	<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 2024			
	Computer and electronic products trading business <i>HK\$'000</i>	Food trading business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	–	220	644	864
Depreciation of property, plant and equipment	–	1,388	29	1,417
Depreciation of right-of-use assets	632	3,147	207	3,986
Amortisation of intangible assets	–	840	–	840
	For the year ended 31 March 2023			
	Computer and electronic products trading business <i>HK\$'000</i>	Food trading business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)

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	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	218,393	231,528
The PRC	167	206
	218,560	231,734

Information about major customers

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

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Revenue from top five customers	249,462	407,675
Total revenue	357,111	456,565
Percentage	70%	89%

Number of customers that individually accounted for more than 10% of the Group's revenue

1	2
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Customer	Segment	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Customer A	Computer and electronic products trading business	155,151	227,330
Customer B	Computer and electronic products trading business	N/A ¹	93,751

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. REVERSAL OF EXPECTED CREDIT LOSS/(EXPECTED CREDIT LOSS) ON FINANCIAL ASSETS, NET

Reversal of expected credit loss/(expected credit loss) on financial assets, net are as follows:

	Year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loan receivables (<i>Note 14</i>)	58,154	5,970
Cash client receivables (<i>Note 15</i>)	(4,011)	(60,407)
Trade receivables (<i>Note 15</i>)	(181)	19
Interest receivables (<i>Note 16</i>)	–	(5,312)
	<u>53,962</u>	<u>(59,730)</u>

6. OTHER INCOME AND GAINS, NET

	Year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income	410	33
Exchange gains	535	219
Realised losses on disposal of equity securities at fair value through profit or loss	–	(1,738)
Unrealised (losses)/gains on the change in fair value of equity securities at fair value through profit or loss	(180)	1,603
Others	1,777	249
	<u>2,542</u>	<u>366</u>

7. FINANCE COSTS

	Year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
– Interest expenses on bank and other borrowings	11,382	8,592
– Interest expense on lease liabilities	284	71
	<u>11,666</u>	<u>8,663</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax has been arrived at after charging:

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

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Short term employee benefits	17,609	11,945
Post-employment benefits (<i>Note i</i>)	544	353
Others	1,089	638
	<u>19,242</u>	<u>12,936</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 have been offset against short term employee benefit expenses.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

8. PROFIT/(LOSS) BEFORE INCOME TAX (CONTINUED)

Profit/(loss) before income tax has been arrived at after charging: (Continued)

(b) Other items

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Cost of inventories sold	342,907	450,657
Auditor's remuneration		
– audit service	880	900
– non-audit service	–	750
Depreciation of property, plant and equipment	11,066	10,200
Depreciation of right-of-use assets	3,986	1,051
Amortisation of intangible assets	840	139
Impairment loss on property, plant and equipment	–	6,000
Short-term lease rentals of premises	18	8
Service fees for broker supplied systems	–	1,277
	<u>342,907</u>	<u>450,657</u>

9. INCOME TAX EXPENSE

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong Profits Tax	305	2
Over-provision in prior years	–	(585)
Deferred income tax	(190)	20,898
	<u>115</u>	<u>20,315</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 2024 and 2023. The applicable PRC corporate income tax rate during the years ended 31 March 2024 and 2023 is 25%.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(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	
	2024	2023
Profit/(loss) attributable to owners of the Company (HK\$'000)	<u>14,759</u>	<u>(127,605)</u>
Weighted average number of ordinary shares in issue	<u>642,605,143</u>	<u>480,568,216</u>
Basic earnings/(loss) per share	<u>HK2.30 cent</u>	<u>HK(26.55) cent</u>

(b) Diluted

Diluted earnings/(loss) per share for the years ended 31 March 2024 and 2023 was the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2024 and 2023.

11. DIVIDENDS

No final dividend for the years ended 31 March 2024 and 2023 was proposed.

12. PROPERTY, PLANT AND EQUIPMENT

During the year, there were additions of HK\$864,000 (2023: HK\$3,789,000) and additions from acquisition of subsidiaries is HK\$Nil (2023: HK\$2,463,000) for property, plant and equipment.

For the year ended 31 March 2024, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK\$Nil (2023: HK\$363,000) resulting in a gain on disposal of HK\$500,000 (2023: HK\$302,000).

For the year ended 31 March 2024, the Group did not recognise any impairment loss for certain property, plant and equipment (2023: HK\$6,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. INTANGIBLE ASSETS

	Note	As at 31 March	
		2024 HK\$'000	2023 HK\$'000
Goodwill	(a)	8,035	8,035
Other intangible assets	(b)	<u>3,215</u>	<u>4,055</u>
		<u>11,250</u>	<u>12,090</u>

(a) Goodwill

	HK\$'000
At 1 April 2022	3,391
Acquisition of subsidiaries	8,035
Impairment	<u>(3,391)</u>
At 31 March 2023, 1 April 2023 and 31 March 2024	<u>8,035</u>

Impairment tests for goodwill

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

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Securities brokerage cash-generating unit	–	–
Food trading cash-generating unit	<u>8,035</u>	<u>8,035</u>
	<u>8,035</u>	<u>8,035</u>

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 Securities Brokerage CGU as at 31 March 2023 based on value-in-use calculation. The calculation used cash flow projections based on financial budgets approved by management covering a 5-year period (2023: 5-year). Thereafter, the cash flows were extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the business in which the Securities Brokerage CGU operate.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (Continued)

Impairment tests for goodwill (Continued)

Securities brokerage cash-generating unit (Continued)

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

Terminal growth rate	3.0%
Discount rate (pre-tax)	19.8%

Based on the assessment, as at 31 March 2023, the recoverable amount of the Securities Brokerage CGU, as included in the financial services business segment, was determined to be HK\$320,000. The carrying amount of the Securities Brokerage CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK\$3,391,000 was recognised in the profit or loss for the year ended 31 March 2023. The impairment loss had all been allocated to goodwill which was fully impaired as a result and no other write-down of the assets of the Securities Brokerage CGU was 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 Food Trading 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 (2023: 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 Food Trading CGU operate.

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

	As at 31 March	
	2024	2023
Terminal growth rate	2.2%	2.1%
Discount rate (pre-tax)	21.7%	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 2024, 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 2024.

The recoverable amount of the Food Trading CGU is significantly above the carrying amount. Management believes that any reasonable possible change in any of the above assumptions would not result in impairment.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. INTANGIBLE ASSETS (CONTINUED)

(b) Other intangible assets

	Money lending license <i>HK\$'000</i>	Customer relationship <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2024			
Opening carrying amount	–	4,055	4,055
Amortisation	–	(840)	(840)
Closing carrying amount	–	3,215	3,215
At 31 March 2024			
Cost	1,703	6,950	8,653
Accumulated amortisation and impairment	(1,703)	(3,735)	(5,438)
Net carrying amount	–	3,215	3,215
31 March 2023			
Opening carrying amount	–	–	–
Acquisition of subsidiaries	–	4,194	4,194
Amortisation	–	(139)	(139)
Closing carrying amount	–	4,055	4,055
At 31 March 2023			
Cost	1,703	6,950	8,653
Accumulated amortisation and impairment	(1,703)	(2,895)	(4,598)
Net carrying amount	–	4,055	4,055

For the year ended 31 March 2024, amortisation charge of HK\$840,000 (2023: HK\$139,000) 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)

(b) Other 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 and any accumulated impairment losses. 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 46 (2023: 58) months.

14. LOAN RECEIVABLES

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Loan receivables	63,112	151,057
Less: Impairment		
– Stage 1	–	–
– Stage 2	–	–
– Stage 3	(48,172)	(130,695)
	14,940	20,362

The Group’s loan receivables, which arise from its money lending business in Hong Kong, are denominated in Hong Kong dollar, unsecured, bearing fixed interest rate from 8% to 18%, and recoverable within one year from the dates of inception of the loan agreements (2023: same).

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

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Within one year or recoverable on demand	14,940	20,362

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	
	2024	2023
	HK\$'000	HK\$'000
Not past due	–	–
Less than 31 days past due	–	–
31 to 90 days past due	–	–
Past due over 90 days	14,940	20,362
	<u>14,940</u>	<u>20,362</u>

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2024 and 2023 by the past due date and year end classification:

As at 31 March 2024	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Past due over 90 days	–	–	63,112	63,112
	<u>–</u>	<u>–</u>	<u>63,112</u>	<u>63,112</u>
	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>63,112</u></u>	<u><u>63,112</u></u>
As at 31 March 2023	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Past due over 90 days	–	–	151,057	151,057
	<u>–</u>	<u>–</u>	<u>151,057</u>	<u>151,057</u>
	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>151,057</u></u>	<u><u>151,057</u></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 2023	–	–	130,695	130,695
Changes due to financial instruments recognised as at 1 April 2023				
– Repayments	–	–	(63,132)	(63,132)
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	4,978	4,978
– Written off	–	–	(24,369)	(24,369)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2024	<u>–</u>	<u>–</u>	<u>48,172</u>	<u>48,172</u>
ECL rate	<u>N/A</u>	<u>N/A</u>	<u>76.33%</u>	<u>76.33%</u>

During the year ended 31 March 2024, certain borrowers have repaid loan receivables with a gross carrying amounts of HK\$63,576,000, resulting in a reversal of impairment allowance of approximately HK\$63,132,000. In addition, certain loan receivables with a gross carrying amounts of HK\$24,369,000 have been written-off.

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 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>130,695</u>	<u>130,695</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)

15. ACCOUNT RECEIVABLES

	<i>Notes</i>	As at 31 March	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	(b)	192,128	130,857
Cash client receivables	(a)	240,709	241,290
		<u>432,837</u>	<u>372,147</u>
Less: Impairment		<u>(317,396)</u>	<u>(313,204)</u>
		<u>115,441</u>	<u>58,943</u>

Account receivables are denominated in the following currencies:

	As at 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	27,711	24,835
US\$	87,730	34,108
	<u>115,441</u>	<u>58,943</u>

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash client receivables	240,709	241,290
Less: Impairment		
– Stage 1	–	–
– Stage 2	–	–
– Stage 3	(229,336)	(225,325)
	<u>11,373</u>	<u>15,965</u>

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 2024, the Group held securities with an aggregate fair value of HK\$23,384,000 (2023: HK\$46,358,000) 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 2024 and 2023 by Loan-to-collateral value (“LTV”) and year end classification:

As at 31 March 2024	12-month		Lifetime ECLs		Total HK\$'000
	ECLs				
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000		
LTV at 100% or above	–	1,487	239,222		240,709
	–	1,487	239,222		240,709
As at 31 March 2023	12-month		Lifetime ECLs		Total HK\$'000
	ECLs				
	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
	1,568	–	239,722		241,290

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK\$11,700,000 (2023: HK\$17,005,000).

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 2023	–	–	225,325	225,325
Changes in the impairment allowance due to financial assets as at 1 April 2023				
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	4,011	4,011
As at 31 March 2024	–	–	229,336	229,336
ECL rate	N/A	N/A	95.87%	95.28%
	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%

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 2023:

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

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	
	2024	2023
	HK\$'000	HK\$'000
Trade receivables	192,128	130,857
Less: Impairment	(88,060)	(87,879)
	<u>104,068</u>	<u>42,978</u>

- (i) The Group grants credit period ranging from 1 day to 60 days (2023: 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	
	2024	2023
	HK\$'000	HK\$'000
1 – 30 days	8,325	41,772
31 – 60 days	8,033	1,264
61 – 90 days	–	–
91 – 180 days	80,150	–
Over 180 days	95,620	87,821
	<u>192,128</u>	<u>130,857</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 2024 and 2023 by ECL assessment and year end classification:

As at 31 March 2024

	Lifetime ECL (provision matrix) HK\$'000	Credit- impaired HK\$'000	Total HK\$'000
Trade receivables included in account receivables			
– Not yet past due	8,325	–	8,325
– Past due	95,983	87,820	183,803
	<u>104,308</u>	<u>87,820</u>	<u>192,128</u>

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>

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	2024 Credit- impaired HK\$'000	Total HK\$'000	Not credit- impaired HK\$'000	2023 Credit- impaired HK\$'000	Total HK\$'000
At the beginning of year	58	87,821	87,879	-	87,677	87,677
Changes in the impairment allowance due to financial assets at the beginning of year						
- Net remeasurement of ECL due to change in credit risk without transfer of stage	(58)	(1)	(59)	-	-	-
New financial assets originated or purchased	240	-	240	-	-	-
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
At end of year	<u>240</u>	<u>87,820</u>	<u>88,060</u>	<u>58</u>	<u>87,821</u>	<u>87,879</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.

As at 31 March 2024, for trade receivables with gross carrying amount of HK\$87,820,000 (2023: HK\$87,821,000) has been past due over one year. 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.

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\$87,820,000 as at 31 March 2024 (2023: HK\$87,821,000) were assessed individually.

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 2024

	Not past due	Past due	Total
Expected credit loss rate	0.02%	0.25%	0.23%
Gross carrying amount (HK\$'000)	8,325	95,983	104,308
Expected credit losses (HK\$'000)	2	238	240

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 2024, the Group provided HK\$182,000 (2023: reversed HK\$24,000) impairment allowance for trade receivables, based on the provision matrix. A reversal of impairment allowance of HK\$1,000 (2023: an impairment allowance of HK\$43,000) was made for credit-impaired debtors.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		As at 31 March	
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
Non-current			
Other non-current deposits		3,001	1,290
Other assets	<i>(1)</i>	155	205
		<u>3,156</u>	<u>1,495</u>
Current			
Prepayments		1,576	2,595
Deposits and other receivables	<i>(2)</i>	4,397	43,233
Interest receivables	<i>(3)</i>	–	–
		<u>5,973</u>	<u>45,828</u>
Total deposits, prepayments and other receivables		<u>9,129</u>	<u>47,323</u>

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

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
HK\$	8,992	7,931
RMB	–	995
US\$	137	38,397
	<u>9,129</u>	<u>47,323</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	
	2024	2023
	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
– stamp duty deposit	5	5
	155	205
	155	205

As at 31 March 2024 and 2023, 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 2024 and 2023, all deposits and other receivables were not past due.

(3) Interest receivables

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Interest receivables	5,187	12,730
Less: Impairment	(5,187)	(12,730)
	–	–
	–	–

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	
	2024 HK\$'000	2023 HK\$'000
Not past due	–	–
Less than 31 days past due	–	–
Past due over 90 days	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2024 and 2023 by the past due date and year end classification:

As at 31 March 2024

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Past due over 90 days	–	–	5,187	5,187
	<u>–</u>	<u>–</u>	<u>5,187</u>	<u>5,187</u>

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
	<u>–</u>	<u>–</u>	<u>12,730</u>	<u>12,730</u>

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 2023	–	–	12,730	12,730
Changes due to financial instruments recognised as at 1 April 2023				
– Written off	–	–	(7,543)	(7,543)
As at 31 March 2024	<u>–</u>	<u>–</u>	<u>5,187</u>	<u>5,187</u>
ECL rate	<u>N/A</u>	<u>N/A</u>	<u>100%</u>	<u>100%</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(3) Interest receivables (Continued)

	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>N/A</u>	<u>N/A</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)

17. SHARE CAPITAL

Authorised shares:

As at 31 March 2024, the total authorised number of ordinary shares is 9,600 million shares (2023: 9,600 million shares) with a par value of HK\$0.008333 per share (2023: HK\$0.008333 per share).

Issued shares:

	Number of shares '000	Share capital HK\$'000
As at 1 April 2022	438,478	3,654
Issuance of shares upon the placement (<i>Note (1)</i>)	87,684	731
As at 31 March 2023, 1 April 2023	526,162	4,385
Issuance of shares upon the placement (<i>Note (2)</i>)	105,228	877
Issuance of shares upon the rights issue (<i>Note (3)</i>)	315,695	2,630
As at 31 March 2024	947,085	7,892

Notes:

- On 19 September 2022, the Group completed a placing of new shares under general mandate (the “**Placing 2022**”). 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 2022 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.
- On 19 September 2023, the Group completed a placing of new shares under general mandate (the “**Placing 2023**”). 105,228,000 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\$26.3 million. The net proceeds of approximately HK\$25.5 million from the Placing 2023 are intended to be used for working capital of the Group. As at 31 March 2024, all of the net proceeds of approximately HK\$25.5 million had been fully utilised as intended for general working capital of the Group.
- On 18 December 2023, the Company proposed to implement the rights issue on the basis of one rights share for every two existing share held on 1 December 2023 (the “**Rights Issue**”), being the record date, at the subscription price of HK\$0.18 per rights share. The Rights Issue was completed on 22 January 2024. As such, 315,695,100 shares, with par value of HK\$0.18 each, were issued and allotted under the Rights Issue with proceeds of approximately HK\$55.4 million after deducting direct cost credited to the Company’s equity under “Share premium”.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

18. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Trade payables	54,238	54,334
Cash client payables (<i>Note a</i>)	6,154	2,314
Total account payables	<u>60,392</u>	<u>56,648</u>
Other payables and accrued expenses		
Accrued expenses	3,951	3,431
Other payables	1,106	5,981
Total other payables and accrued expenses	<u>5,057</u>	<u>9,412</u>
Total account payables, other payables and accrued expenses	<u><u>65,449</u></u>	<u><u>66,060</u></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) As at 31 March 2024 and 2023, all trade payables were aged within two months, based on invoice date. No aging analysis is disclosed for cash client payables 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	
	2024 HK\$'000	2023 HK\$'000
HK\$	15,515	13,750
RMB	3	3
US\$	49,931	52,307
	<u>65,449</u>	<u>66,060</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	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank borrowings	122,940	163,052
Other borrowings	–	10,000
	<u>122,940</u>	<u>173,052</u>
Analysed as:		
– Secured	113,734	151,250
– Guaranteed	9,206	21,802
	<u>122,940</u>	<u>173,052</u>

As at 31 March 2024, the Group's bank borrowings of HK\$113,734,000 (2023: HK\$151,250,000) are secured by the Group's owned properties situated in Hong Kong of HK\$186,941,000 (2023: HK\$195,022,000).

As at 31 March 2024, the Group's bank borrowings of HK\$9,206,000 (2023: HK\$11,802,000) is guaranteed by a shareholder of the Company.

As at 31 March 2024, the Group's other borrowings of HK\$nil (2023: HK\$10,000,000) is guaranteed by the spouse of the substantial shareholder of the Company.

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	
	2024 HK\$'000	2023 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	105,421	138,355
– Between one and two years	13,910	7,217
– Between two and five years	3,609	17,480
	<u>122,940</u>	<u>163,052</u>
	<u>122,940</u>	<u>173,052</u>

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

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Variable-rate borrowings	120,110	157,044
Fixed-rate borrowings	<u>2,830</u>	<u>16,008</u>
	<u>122,940</u>	<u>173,052</u>

The Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (2023: same).

As at 31 March 2024, the Group's variable rate bank borrowings of approximately HK\$98,213,000 (2023: HK\$131,250,000) and HK\$21,897,000 (2023: HK\$25,794,000) are carrying interest at 3-month Secured Overnight Financing Rate plus premium and 3-month Hong Kong Inter-bank Offered Rate respectively.

As at 31 March 2024, the Group's fixed rate bank borrowings of HK\$2,830,000 (2023: HK\$6,008,000), and other borrowings of HK\$Nil (2023: HK\$10,000,000) 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	
	2024	2023
	HK\$'000	HK\$'000
HK\$	24,727	41,802
US\$	98,213	131,250
	<u>122,940</u>	<u>173,052</u>

20. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the Current Year:

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Leasehold improvements	<u>-</u>	<u>-</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Looking back at the year, the slowdown in global economic growth, the disruption of trade links and the frequent geopolitical volatility have brought challenges to the business environment. The Group is committed to adjusting its business structure, optimising its resource allocation and structure to effectively resist adverse market impacts. The Group also achieved remarkable results in optimizing its financial structure, achieving gratifying results during the year and successfully turning losses into profits. During the year, the Group recorded a total revenue of approximately HK\$357,111,000, representing a decrease of approximately 21.8% from approximately HK\$456,565,000 in the same period last year. The Group recorded an overall gross profit of approximately HK\$14,204,000, representing an increase of approximately 140.4% from approximately HK\$5,908,000 in the same period last year. The Group recorded a profit attributable to owners of the Company of approximately HK\$14,759,000 in the Current Year, as compared to the loss attributable to owners of the Company of approximately HK\$127,605,000 in last year, mainly due to the increase in the Group's overall gross profit, the decrease in the provision for credit losses on accounts receivable, the reversal of expected credit losses on loans receivable, and the absence of goodwill impairment losses for the Current Year.

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

(i) Computer and electronic products trading business

During the year under review, there are various factors such as the increase of interest rates by major economies, the continuous trade disputes between the PRC and the USA and the geopolitical tension in various regions, all these factors 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, as the Group's overall revenue in the computer and electronic products trading business segment during the year under review, decreased by approximately HK\$177.5 million from approximately HK\$426.3 million to approximately HK\$248.8 million, representing a decrease of approximately 41.6%, the Group recorded a segment loss of approximately HK\$22.2 million (2023: approximately HK\$22.5 million) for the year. 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. 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. The Group will also continue to closely follow the market situation and explore new technologies and business models to grasp the opportunities arising from the development of global technology applications to drive up the demand for electronic components.

(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**”). Shag Mei and Legend are principally engaged in trading of food products and provision of food processing in Hong Kong respectively. The food trading business mainly sells high-quality international seafood including high-end frozen salmon, and a wide range of food products including chilled and frozen meat, poultry, quick-frozen food, canned food and various alcoholic beverages.

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 expanded its trading products to food products. Given the difference in consumer demand between the Group’s current computer and electronic 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.

During the year under review, the food trading business performed steadily and continued to contribute profits to the Group. The Group recorded a revenue of approximately HK\$107.0 million (2023: approximately HK\$24.9 million) and a segment profit of approximately HK\$2.3 million (2023: approximately HK\$1.5 million) respectively in respect of the Group’s food trading business.

(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 Current Year, the Group recorded an overall revenue of approximately HK\$1.3 million (2023: approximately HK\$5.3 million) and a segment profit of approximately HK\$52.1 million (2023: segment loss of approximately HK\$62.9 million) for the business segment of financial services business.

During the year under review, the local economic and financial market was weak and sluggish, the Group recorded a revenue of HK\$nil (2023: approximately HK\$0.5 million) and a segment loss of approximately HK\$7.3 million (2023: segment loss of approximately HK\$68.1 million) respectively in respect of the Group’s securities brokerage business. The Group recorded a revenue of HK\$nil (2023: HK\$nil) and a segment loss of HK\$nil (2023: HK\$nil) respectively in respect of the Group’s advisory services business. The Group recorded a revenue of approximately HK\$1.3 million (2023: approximately HK\$4.8 million) and a segment profit of approximately HK\$59.4 million (2023: approximately HK\$5.2 million) respectively in

respect of the Group's money lending business. The increment in segment profit of money lending business was mainly due to the fact that certain borrowers have repaid loan receivable with a gross carrying amounts of approximately HK\$63.6 million, resulting in a reversal of impairment allowance of approximately HK\$63.1 million during the year under review.

LOOKING AHEAD

The Group's management is constantly working to develop new business opportunities and business innovations from time to time, in the computer and electronic products trading business, the food trading business, and the financial services business.

In terms of computer and electronic products trading business, the Group will continue to bring a stable source of income to the Group by relying on our years of industry experience. The Group always believe that the huge Chinese market will bring us a broad space for development, and the gradual recovery of the economy will also provide growth elasticity for the demand for electronic products. With the vigorous promotion and development of artificial intelligence, big data, Internet of Things, 5G, new energy vehicles and other industries, electronic components, electronic equipments and semiconductors will become a constant demand and be used in all aspects of various industries. Overall, computer and electronic products trading will continue to be a major battleground for global commercial trade, and the Group will continue to explore new technologies and business models to improve the efficiency and accuracy of trade, and better understand market demand and consumer behaviour.

In terms of food trading business, the Group predicts that consumer demand for healthy food will continue to grow in the post-pandemic era, and the Group's main products such as salmon, seafood and high-end frozen meat will benefit from this trend. The Group will continue to strive to broaden its overseas and local suppliers base, diversify its products to provide customers with more different types of frozen food, and broaden the revenue stream of the Group's food business. At the same time, the impact of climate change, environmental pollution and international transportation will also lead to fluctuations in food production and prices. The Group will continue to pay close attention to relevant changes, adjust its trading strategy and management mode in a timely manner, strictly control supply chain management, quality control and marketing sales, and pay close attention to the safety and traceability of products.

In terms of financial services business, the Group will usher in a more professional and diversified development. In the past year, the Group has paved the way for the future development of its financial services business through a series of internal organizational restructuring and prudent financial investments. As a forward-looking strategy, the Group aims to become a competitive and comprehensive asset management and financial services platform, with parallel layout of family office, asset management, securities, lending, investment immigration, international education, real estate investment and the Greater Bay Area Development Research Institute, etc., and continue to balance the resource allocation strategy among various businesses, promote synergistic development and complement each other, and promote the Company's positive transformation and continued profitability. In early 2024, the Hong Kong SAR Government introduced a series of incentives to attract global family offices to Hong Kong. The Group will follow the general trend of the times, actively cooperate with the call of the Hong Kong SAR Government to develop family office business, study and grasp relevant policies and market trends, seize industry opportunities and outlets, and strive to assist customers in financial management, asset allocation, risk management and control, estate planning and other aspects, with the aim of further enhancing the competitiveness and sustainable development capabilities of family offices. The Group will continue to expand and build a professional team to establish relevant legal and regulatory frameworks to ensure that the operation of family offices is legal and reliable, and to provide corresponding legal advice and regulatory guidance. The Group will provide exclusive financial services and financial support for family offices, such as wealth management, investment consulting, tax planning, etc., to help family offices effectively manage and increase family wealth. The Group will provide a platform for family offices to integrate resources and cooperate, promote exchanges and cooperation between family enterprises, and provide opportunities for mutual learning and assistance. The Group will actively promote the importance and value of family offices, encourage more family businesses to set up and join family offices, and enhance their status and role in Hong Kong's economy. Through the above measures, we can effectively promote the development of family offices in Hong Kong, provide more comprehensive support and services for family office enterprises, and enhance the overall competitiveness and sustainable development of the Group.

Looking ahead, the Group will also pay more attention to social responsibility and sustainable development, actively introduce ESG investment concepts, and support the development of environmental protection and social welfare with practical actions, so as to create more value for shareholders and the society.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

Revenue by business segments for the Group's revenue for the year ended 31 March 2024 is as follows:

- Computer and electronic products trading business: approximately HK\$248.8 million, being a decrease of approximately HK\$177.5 million when compared to the previous year of approximately HK\$426.3 million
- Food trading business: approximately HK\$107.0 million, being an increase of approximately HK\$82.1 million when compared to the previous year of HK\$24.9 million
- Financial services business (including securities brokerage business, advisory services business and money lending business): approximately HK\$1.3 million, being a decrease of approximately HK\$4.0 million when compared to the previous year of approximately HK\$5.3 million

The Group's total revenue for the year was approximately HK\$357.1 million, being a decrease of approximately HK\$99.5 million when compared to the previous year of approximately HK\$456.6 million. The decrease was mainly attributable to the decrease in revenue derived from computer and electronic products trading business.

Gross profit margin for the year was approximately 4.0% (2023: Gross profit margin of approximately 1.3%). Increase in gross profit margin was mainly caused by the relatively higher gross profit earned from food trading business for the year.

Selling Expenses

Selling expenses of approximately HK\$1.3 million was mainly incurred for the food trading business.

General and Administrative Expenses

General and administrative expenses for the year increased by approximately HK\$2.7 million from the Last Corresponding Year, which was mainly attributable to the food trading business acquired in January 2023.

Expected Credit Loss on Financial Assets, net

During the year ended 31 March 2024, the Group recorded a net amount of Expected Credit Loss (“ECL”) on financial assets of approximately HK\$54.0 million reversal, being a decrease when compared to the provision in Last Corresponding Year of approximately HK\$59.7 million, which was mainly attributed to the change in ECL incurred from repayment of loan receivables. During the Current Year, the rates of stock market volatility and deterioration in economy were slower compared to the Last Corresponding Year, the provision of ECL on cash client receivables decreased by approximately HK\$56.4 million compared to the Last Corresponding 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. (Reversal of expected credit loss)/expected credit loss on financial assets, net are as follows:

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Loan receivables (i)	(58,154)	(5,970)
Cash client receivables (ii)	4,011	60,407
Trade receivables	181	(19)
Interest receivables (i)	–	5,312
	<u>–</u>	<u>5,312</u>
Total ECL on financial assets (reversed)/recognised in profit or loss	<u>(53,962)</u>	<u>59,730</u>

The basis for determining the impairment of the Company is based on the ECL model according to HKFRS 9. Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the impairment allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the impairment allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the impairment allowance is measured at an amount equal to lifetime ECLs

In addition to the above three-stage framework, if there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery, the relevant amount will be written off.

The assessment of the impairment is conducted based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The management of the Group regularly reviews the change of the factors in the ECL formula (if any), and determines whether the credit risk of financial assets has changed.

The Group always recognises lifetime ECL for trade receivables which are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information. For all other instruments, the Group measures the impairment equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, where the Group would then consider recognising lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk on the financial assets has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of a default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(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.

Credit risk assessments were performed by the Group before each loan was advanced. Identity checks, financial background checks, relevant public searches (such as company search and land search) were conducted on the borrowers (where applicable). In credit assessment, the Company will normally take into account factors including, but not limited to personal financial background and repayment ability of the borrowers, internal and external credit checking results, and the borrowers' repayment record to assure the clients have the financial capacity to meet loan obligations.

Subsequent to the drawdown of loans, to ensure that loan repayments are punctual and past due accounts are handled efficiently, the Group actively reviews and monitors the loan repayment status on a regular basis.

The Group has closely monitored the loan receivables for the purpose of assessing credit risk and has put effort into the collection procedures of the loan receivables, such as making phone calls and sending reminders to the relevant customers from time to time. The Group may also negotiate with customers on the repayment arrangements on a case-by-case basis according to the circumstances of the customers, especially during the COVID-19 pandemic. Legal actions may be brought against the relevant customers depending on the actual circumstances on a case-by-case basis.

ECL assessment is done based on the Group's historical credit loss experience, latest financial capabilities of the borrowers, general economic and financial conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group performs collective assessments on impairment allowance for the loan receivables and respective interest receivables on a regular basis by dividing its loan receivables into different groups according to the loan types, with each loan type sharing similar credit risk characteristics, and calculates the ECL for each loan type. The measurement of impairment allowance for collective assessment is mainly based on the amount of loan receivables and interest receivables of each loan type at a point of time and will take into the past-due status, the probability of default (which may be affected by the duration of delinquency), loss given default (i.e. the magnitude of the loss if there is a default), historical repayment performance and adjusted by forwarding-looking information such as the economic and financial environment, etc.

The Group also performs individual assessments on impairment allowance for the loan receivables and interest receivables. For individual assessment, the amount of impairment allowance on loan receivables and interest receivables will be considered on a case-by-case basis by way of expected cash flow, taking into account, among other factors, the expected date of recovery.

The Group considers the loan and respective interest receivables as a loss if the repayment of principal and/or interest has been overdue for a pro-longed period and the collection of principal and interest in full is considered improbable after exhausting all collection efforts such as initiation of legal proceedings.

For the year ended 31 March 2024, the Group recorded a reversal of ECL on loan receivables of approximately HK\$58.2 million (2023: reversal of approximately HK\$6.0 million); recorded a written off of ECL on loan receivables of HK\$24.4 million (2023: Nil) and recorded a written off on interest receivables of HK\$7.5 million (2023: provision of approximately HK\$5.3 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\$63.6 million and HK\$1.3 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 regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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 2024, the Group recorded an ECL on cash client receivables of approximately HK\$4.0 million (2023: approximately HK\$60.4 million). The change was mainly due to the slower rates of stock market volatility and deterioration in economy during the year. The decrease in market value of the pledged securities of each client was relatively steady during the Current Year.

Other Income and Gains, net

The Group’s other income and gains for the year was approximately HK\$2.5 million (2023: approximately HK\$0.4 million). The amount mainly represents sundry income generated during the year.

Finance Costs

Finance costs for the year was approximately HK\$11.7 million, being an increase of approximately HK\$3.0 million when compared to the previous year of approximately HK\$8.7 million. The increment was mainly attributable to the increase in interest rate during the year.

Income Tax Expense

Income tax expense for the year was approximately HK\$0.1 million (2023: approximately HK\$20.3 million). The change was mainly due to the decrease in deferred tax expense during the year.

Profit for the Year

The Group recorded a profit of approximately HK\$11.0 million for the Current Year, as compared to loss of approximately HK\$130.0 million for the Last Corresponding Year.

Profit for the Year Attributable to Owners of the Company

The profit for the year attributable to the owners of the Company amounted to approximately HK\$14.8 million (2023: loss of approximately HK\$127.6 million), resulted in a basic earning per share for the year of HK2.30 cents (2023: basic loss per share of HK26.55 cents) and diluted earning per share for the year of HK2.30 cents (2023: diluted loss per share of HK26.55 cents).

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 2024 was approximately HK\$8.3 million (31 March 2023: approximately HK\$27.7 million). The overall inventories turnover days remained healthy and reasonable for the year under review.

As at 31 March 2024, the Group's loan receivables amounted to HK\$14.9 million (31 March 2023: approximately HK\$20.4 million), which arise from its money lending business in Hong Kong. The Group recorded a reversal of ECL of approximately HK\$58.2 million for the year ended 31 March 2024 (2023: approximately HK\$6.0 million).

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 2024, included in the account receivables are trade receivables and cash client receivables, which amounted to approximately HK\$104.1 million (31 March 2023: approximately HK\$43.0 million) and approximately HK\$11.4 million (31 March 2023: approximately HK\$16.0 million), respectively. Trade receivables are arising from its trading business. Cash client receivables are arising from its securities brokerage business. The Group recorded provision of ECL of approximately HK\$0.2 million (2023: reversal of ECL of approximately HK\$0.1 million) on trade receivables and recorded an ECL on cash client receivables of approximately HK\$4.0 million (2023: approximately HK\$60.4 million) for the year.

Liquidity, Financial Resources, Working Capital and Treasury Policy

As at 31 March 2024, cash and cash equivalents of the Group amounted to approximately HK\$67.7 million (31 March 2023: approximately HK\$31.0 million), and the Group's net assets amounted to approximately HK\$279.2 million (31 March 2023: approximately HK\$186.3 million). As at 31 March 2024, there was approximately HK\$122.9 million outstanding borrowings balance (31 March 2023: approximately HK\$173.1 million).

As at 31 March 2024, non-current assets of the Group amounted to approximately HK\$243.3 million (31 March 2023: approximately HK\$250.4 million), the Group's current assets amounted to approximately HK\$234.8 million (31 March 2023: approximately HK\$187.5 million), and net current assets as at 31 March 2024 amounted to approximately HK\$42.6 million (31 March 2023: net current liabilities of approximately HK\$55.2 million). As at 31 March 2024, the current ratio was approximately 1.2 (31 March 2023: approximately 0.8) (calculated by dividing the total current assets by the total current liabilities).

The Group's gearing ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposit. The gearing ratio as at 31 March 2024 was approximately 12.6% (31 March 2023: approximately 43.3%).

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 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 18 December 2023, the Company proposed to implement the rights issue on the basis of one rights share for every two existing share held on 1 December 2023 (the “**Rights Issue**”), being the record date, at the subscription price of HK\$0.18 per rights share.

The subscription price a discount of approximately 24.05% to the closing price of HK\$0.237 per share as quoted on the Stock Exchange on 17 November 2023, being the last trading day for the shares immediately before the release of the announcement of the Company dated 17 November 2023 in relation to, among other things, the Rights Issue. The net price per rights share was approximately HK\$0.243. The aggregate nominal value of the rights shares was approximately HK\$2,630,000.

The Company intends to apply the net proceeds from the Rights Issue towards (i) expanding the Group’s trading business and financial services business, (ii) exploiting any opportunities to acquire new businesses or make strategic investments to broaden or create synergy for the Group’s trading business, and (iii) the general working capital of the Group. For details of the reasons for the Rights Issue, please refer to the announcement of the Company dated 17 November 2023 and the prospectus of the Company dated 18 December 2023.

The Rights Issue was completed on 22 January 2024. As such, 315,695,100 shares, with par value of HK\$0.18 each, were issued and allotted under the Rights Issue with net proceeds of approximately HK\$55.4 million. Reference is made to the announcements of the Company dated 17 November 2023, 29 November 2023, 15 December 2023, 9 January 2024 and 19 January 2024 and the prospectus of the Company dated 18 December 2023. As of 31 March 2024, approximately HK\$23.5 million have been utilised as intended. The remaining unutilised balance of approximately HK\$31.9 million will be utilised as intended by December 2024.

As at 31 March 2024, the utilisation of proceeds from the Rights Issue was as follows:

	Net proceeds	Utilised net proceeds as at 31 March 2024	Unutilised proceeds as at 31 March 2024
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Proceeds from the Rights Issue	55,419	23,482	31,937

Breakdown of utilisation of the net proceeds as follows:

	Intended use of proceeds <i>HK\$'000</i>	Utilised net proceeds as at 31 March 2024 <i>HK\$'000</i>	Unutilised proceeds as at 31 March 2024 <i>HK\$'000</i>
(i) (a) Up to approximately 15-20% towards the food trading business	8,300 to 11,000	2,653	5,647 to 8,347
(i) (b) Up to approximately 20% towards the Group's securities brokerage services	11,000	10,610	390
(ii) Up to approximately 30-35% towards the Strategic Opportunity	17,000 to 19,000	–	17,000 to 19,000
(iii) approximately 25-35% of the net proceeds towards the general working capital of the Group	14,000 to 19,000	10,219	3,781 to 8,781
(a) approximately 50-70% for payroll expenses	7,000 to 13,000	6,226	774 to 6,774
(b) approximately 20-40% for rental expenses	2,800 to 7,600	3,017	Nil to 4,583
(c) approximately 10-15% for professional fees	1,400 to 2,900	976	424 to 1,924
		<u>23,482</u>	

On 19 September 2023, 105,228,000 ordinary shares were issued by the Company (the “**Placing**”). Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$26.3 million. The net proceeds of approximately HK\$25.5 million from the Placing are intended to be used for general working capital of the Group.

The net price per Placing Share was approximately HK\$0.243. The aggregate nominal value of the placing shares under the Placing was approximately HK\$877,000.

The placing price of HK\$0.25 per placing share represents (i) a discount of approximately 13.79% to the closing price of HK\$0.29 per share as quoted on the Stock Exchange on 5 September 2023, the date of the placing agreement; and (ii) a discount of approximately 13.79% to the average closing price of HK\$0.29 per Share in the last five trading days immediately prior to the date of the placing agreement.

Mouette Securities Company Limited, on a best effort basis, placed the placing shares to not less than six placees (who are independent institutional, professional and/or other private investors), who and whose ultimate beneficial owner(s) are independent third parties.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Company while broadening its shareholder and capital base. It also signifies the confidence of the placees in the potential of the Company and demonstrates their willingness to support the Company. The Directors are of the view that the Placing would strengthen the financial position of the Group.

As of 31 March 2024, all of the net proceeds of approximately HK\$25.5 million have been fully utilised as intended for general working capital of the Group.

For details of the Placing, please refer to the announcements of the Company dated 5 September 2023, 6 September 2023 and 19 September 2023.

As at 31 March 2024, the number of ordinary shares of the Company issued and fully paid was 947,085,300 shares (31 March 2023: 526,162,200 shares).

Capital Commitments

The Group had no capital commitments as at 31 March 2024 (31 March 2023: Nil).

Pledge of Assets

As at 31 March 2024, the Group's bank borrowings of approximately HK\$113.7 million were secured by Group's leasehold properties situated in Hong Kong of approximately HK\$186.9 million.

As at 31 March 2023, the Group's bank borrowings of approximately HK\$151.3 million were secured by Group's leasehold properties situated in Hong Kong of approximately HK\$195.0 million.

As at 31 March 2024, the Group's pledged bank deposits of approximately HK\$15.0 million were pledged to a bank for the issuance of letter of credit (31 March 2023: Nil).

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\$0.5 million (2023: approximately HK\$0.2 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 2024 (31 March 2023: Nil).

Employees and Emolument Policy

As at 31 March 2024, the Group had a total of 56 (31 March 2023: 44) employees. Employee benefits expenses, including Directors' remuneration for the year ended 31 March 2024, totally amounted to approximately HK\$19.2 million (2023: approximately HK\$12.9 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 2024 (2023: Nil).

Subsequent Event After Reporting Period

No significant event has occurred after the year ended 31 March 2024 and up to the date of this announcement.

CHANGES IN THE COMPOSITION OF THE BOARD

Changes in the composition of the Board during the year ended 31 March 2024 and up to the date of this announcement are as follows:

Mr. Chan Wing Sum was appointed as an executive Director and Chief Executive Officer of the Company on 24 August 2023.

Ms. Kwok Ling Yee Pearl Elizabeth was appointed as an executive Director of the Company on 24 August 2023 and resigned on 5 April 2024.

Ms. Luo Ying was appointed as an executive Director of the Company on 5 April 2024.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2024, 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 C3 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 2024.

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 2024, 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 Part 2 of Appendix C1 to the Listing Rules.

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 2024 with the Directors and the external auditor 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 2024 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 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 24 September 2024. 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 Thursday, 19 September 2024 to Tuesday, 24 September 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 September 2024.

PUBLICATION OF THE ANNUAL RESULTS AND 2024 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 2024 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, 24 June 2024

As at the date of this announcement, the Executive Directors of the Company are Mr. Qu Hongqing, Mr. Chan Wing Sum and Ms. Luo Ying; and the independent Non-Executive Directors of the Company are Mr. Loo Hong Shing Vincent, Mr. Zhu Shouzhong and Mr. Li Huaqiang.