



華邦金融控股有限公司

Huabang Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3638)



2018

INTERIM REPORT

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board of Directors (the “Board”) of Huabang Financial Holdings Limited (the “Company”) is pleased to announce the following unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2018 (“Current Period”) together with the unaudited comparative figures for the corresponding periods in 2017 (“Last Corresponding Period”) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 September	
		2018	2017
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	391,866	305,061
Cost of sales	6	<u>(362,245)</u>	<u>(278,608)</u>
Gross profit		29,621	26,453
Selling expenses	6	(252)	(411)
General and administrative expenses	6	(22,504)	(17,215)
Other income		<u>1,644</u>	<u>319</u>
Operating profit		8,509	9,146
Finance costs	5	<u>(1,839)</u>	<u>(80)</u>
Profit before income tax		6,670	9,066
Income tax expense	7	<u>(1,216)</u>	<u>(1,675)</u>
Profit attributable to equity holders of the Company		<u>5,454</u>	<u>7,391</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	<u>HK0.13 cents</u>	<u>HK0.19 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Unaudited	
	Six months	
	ended 30 September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Comprehensive income		
Profit for the period	5,454	7,391
Other comprehensive income		
Currency translation differences	<u>(376)</u>	<u>162</u>
Total comprehensive income attributable to equity holders of the Company	<u>5,078</u>	<u>7,553</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2018 HK\$'000	Audited 31 March 2018 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	10	281,036	44,515
Intangible assets	10	59,757	60,377
Account receivables	12	–	1,000
Deposits, prepayments and other receivables	12	10,007	42,305
Deferred tax assets		4,475	3,880
		355,275	152,077
		355,275	152,077
Current assets			
Inventories		444	1,875
Loan receivables	11	34,707	50,000
Account receivables	12	213,266	173,593
Deposits, prepayments and other receivables	12	5,039	3,775
Financial assets at fair value through profit or loss		1,610	1,808
Income tax recoverable		271	832
Bank balances held on behalf of clients		25,450	23,429
Cash and cash equivalents		209,243	200,254
		490,030	455,566
		490,030	455,566
Total assets		845,305	607,643
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	3,658	3,408
Other reserves		585,953	435,239
Retained earnings		90,527	100,394
		680,138	539,041
Total equity		680,138	539,041

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONTINUED)**

		Unaudited 30 September 2018 <i>Notes</i> <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>36</u>	<u>500</u>
		<u>36</u>	<u>500</u>
Current liabilities			
Account payables	<i>13</i>	26,961	24,706
Other payables and accrued expenses	<i>13</i>	1,392	1,821
Deferred revenue		8,998	–
Bank borrowings	<i>14</i>	121,070	36,124
Current income tax liabilities		<u>6,710</u>	<u>5,451</u>
		<u>165,131</u>	<u>68,102</u>
Total liabilities		<u>165,167</u>	<u>68,602</u>
Total equity and liabilities		<u>845,305</u>	<u>607,643</u>
Net current assets		<u>324,899</u>	<u>387,464</u>
Total assets less current liabilities		<u>680,174</u>	<u>539,541</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Attributable to equity holders of the Company

	Other reserves										
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Employee share-based compensation reserve <i>HKS'000</i>	Merger reserve <i>HKS'000</i> <i>Note (a)</i>	Capital reserve <i>HKS'000</i> <i>Note (b)</i>	Statutory reserve <i>HKS'000</i> <i>Note (c)</i>	Exchange reserve <i>HKS'000</i>	Share repurchase reserve <i>HKS'000</i> <i>Note (d)</i>	Sub total <i>HKS'000</i>	Retained earnings <i>HKS'000</i>	Total <i>HKS'000</i>
For 6 months ended											
30 September 2017											
Balance as at 1 April 2017	3,214	243,749	14,260	50,374	2,480	1,042	3,523	-	315,428	91,183	409,825
Comprehensive income											
Profit for the period	-	-	-	-	-	-	-	-	-	7,391	7,391
Other comprehensive income											
Currency translation differences	-	-	-	-	-	-	162	-	162	-	162
Total comprehensive income	-	-	-	-	-	-	162	-	162	7,391	7,553
Transaction with owners											
Employees share option scheme - value of employee services	-	-	8,256	-	-	-	-	-	8,256	-	8,256
Balance as at 30 September 2017	3,214	243,749	22,516	50,374	2,480	1,042	3,685	-	323,846	98,574	425,634

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Unaudited										
	Attributable to equity holders of the Company										
	Other reserves										
	Share capital	Share premium	Employee share-based compensation reserve	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve	Share repurchase reserve	Sub total	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				Note (a)	Note (b)	Note (c)		Note (d)			
For 6 months ended 30 September 2018											
Balance as at 1 April 2018	3,408	354,518	22,882	50,374	2,480	1,042	3,943	-	435,239	100,394	539,041
Impact of adopting HKFRS 9	-	-	-	-	-	-	-	-	-	(2,304)	(2,304)
Impact of adopting HKFRS 15	-	-	-	-	-	-	-	-	-	(13,017)	(13,017)
Adjusted balance as at 1 April 2018	3,408	354,518	22,882	50,374	2,480	1,042	3,943	-	435,239	85,073	523,720
Comprehensive income											
Profit for the period	-	-	-	-	-	-	-	-	-	5,454	5,454
Other comprehensive income											
Currency translation differences	-	-	-	-	-	-	(376)	-	(376)	-	(376)
Total comprehensive income	-	-	-	-	-	-	(376)	-	(376)	5,454	5,078
Transaction with owners											
Issuance of shares by Placing	250	150,005	-	-	-	-	-	-	150,005	-	150,255
Employees share option scheme - value of employee services	-	-	1,541	-	-	-	-	-	1,541	-	1,541
Share repurchased and yet to be cancelled	-	-	-	-	-	-	-	(456)	(456)	-	(456)
Balance as at 30 September 2018	3,658	504,523	24,423	50,374	2,480	1,042	3,567	(456)	585,953	90,527	680,138

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 now comprising the Group, after elimination of intra-group investments.

(b) Capital reserve

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

(c) Statutory reserve

The Company's subsidiary in the People's Republic of China (the "PRC") is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at its 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.

(d) Share repurchase reserve

During the Current Period, the Group repurchased a total of 1,020,000 ordinary shares of HK\$0.0008333 per share through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK\$456,000 (including transaction costs). All these repurchased shares were not yet cancelled as at 30 September 2018.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months	
	ended 30 September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(16,311)	10,047
Net cash (used in)/generated from investing activities	(207,734)	123
Net cash generated from/(used in) financing activities	<u>232,906</u>	<u>(80)</u>
Net increase in cash and cash equivalents	8,861	10,090
Cash and cash equivalents as at 1 April	200,254	152,189
Effect of foreign exchange rates changes on cash and cash equivalents	<u>128</u>	<u>358</u>
Cash and cash equivalents as at 30 September	<u><u>209,243</u></u>	<u><u>162,637</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Huabang Financial Holdings Limited 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 Company's shares are listed on the Main Board of the Stock Exchange ("Main Board").

The Company is an investment holding company. The Group is principally engaged in (i) computer and peripheral products business, (ii) corporate finance advisory business, (iii) money lending business, and (iv) securities brokerage business (the "Business").

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial information are presented in Hong Kong Dollars ("HK\$") which is the same as the functional currency of the Company.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018, except for the adoption of new and revised standards beginning on 1 April 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28

3. ACCOUNTING POLICIES (Continued)

Except as described below, the application of the new and revised HKFRSs do not have a significant impact on the condensed consolidated financial statements of the Group.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated comparative information for financial instruments in the scope of HKFRS 9. Therefore, the comparative information was reported under HKAS 39 and was not comparable to the information presented as at 30 September 2018 and for the six-month period then ended. Differences arising from the adoption of HKFRS 9 have been recognised directly in retained earnings as of 1 April 2018.

The effects of adopting HKFRS 9 are as follows:

Impact on the statement of financial position (increase/(decrease)) as at 1 April 2018:

	<i>HK\$'000</i>
Assets	
Account receivables	(6)
Deferred tax assets	172
	<hr/>
Total non-current assets	166
	<hr/>
Loans receivables	(316)
Account receivables	(2,417)
Deposits, prepayments and other receivables	(20)
	<hr/>
Total current assets	(2,753)
	<hr/>
Total assets	(2,587)
	<hr/>
Non-current liabilities	
Deferred tax liabilities	(283)
	<hr/>
Total non-current liabilities	(283)
	<hr/>
Equity	
Retained earnings	(2,304)
	<hr/>
Total equity	(2,304)
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3. ACCOUNTING POLICIES (Continued)

Classification and measurement

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and classified its financial assets into the approximate HKFRS 9 categories.

The application of the new standard does not have a significant impact on the classification and measurement of its financial assets.

Impairment under expected credit losses ("ECL") model

The Group has five types of financial assets that are subject to HKFRS 9's new ECL model, which are loans receivables, account receivables, financial assets included in deposits, prepayments and other receivables, bank balances held on behalf of clients and cash and cash equivalents. The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. While bank balances held on behalf of clients and cash and cash equivalents are also subject to the impairment requirement of HKFRS 9, the identified impairment loss was immaterial. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed above.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss exposure, 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 Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment on whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as 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.

3. ACCOUNTING POLICIES (Continued)

Impairment under expected credit losses (“ECL”) model (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtors’ ability to meet its debt obligations.

The following qualitative indicators are taken into account in determining the risk of default occurring:

- probable bankruptcy entered by the borrowers; and
- death of the debtor.

The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

3. ACCOUNTING POLICIES (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption. The comparative information would be presented based on the requirements of HKAS 18 and related interpretations. The cumulative catch-up adjustments to the opening balance of retained earnings as at 1 April 2018, for contracts that are not completed at the date of initial application, would be recognised in the statement of changes in equity for the six months ended 30 September 2018.

Impact on the statement of financial position (increase/(decrease)) as at 1 April 2018:

	Adjustments	HK\$'000
Current assets		
Account receivables	(a)	<u>(1,339)</u>
Total current assets		<u>(1,339)</u>
Current liabilities		
Deferred revenue	(a)	<u>11,678</u>
Total current liabilities		<u>11,678</u>
Equity		
Retained earnings	(a)	<u>(13,017)</u>
Total equity		<u><u>(13,017)</u></u>

- (a) Under HKFRS 15, the Group assessed that the performance obligation for sponsoring services is fulfilled when all the relevant duties of a sponsor as stated in the contract are completed. As at 1 April 2018, any incomplete sponsoring service contracts with revenue recognised to profit or loss in prior years by the Group under HKAS 18 were reclassified to deferred revenue with a corresponding adjustment to its opening retained earnings.

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company (“CODM”). 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 four operating and reporting segments which are (i) computer and peripheral products business, (ii) corporate finance advisory business, (iii) money lending business, and (iv) securities brokerage business.

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

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

4. REVENUE AND SEGMENT INFORMATION (Continued)

For the Last Corresponding Period, the CODM considers that the Group has three operating and reporting segments which are (i) computer and peripheral products business, (ii) corporate finance advisory business, and (iii) money lending business.

The revenue reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement and is categorised according to the nature of businesses.

	Unaudited				
	For the six months ended 30 September 2018				
	Computer and peripheral products business <i>HK\$'000</i>	Corporate finance advisory business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities brokerage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	372,185	9,034	3,214	7,433	391,866
Cost of sales from external customers	<u>(362,245)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(362,245)</u>
	9,940	9,034	3,214	7,433	29,621
Selling expenses	(233)	–	–	–	(233)
General and administrative expenses	(3,119)	(3,339)	(195)	(6,330)	(12,983)
Other gains	600	3	–	735	1,338
Finance costs	<u>(737)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(737)</u>
Adjusted operating profit	<u>6,451</u>	<u>5,698</u>	<u>3,019</u>	<u>1,838</u>	<u>17,006</u>
Unallocated expenses					<u>(10,336)</u>
Profit before income tax					6,670
Income tax expense					<u>(1,216)</u>
Profit for the period					<u>5,454</u>

4. REVENUE AND SEGMENT INFORMATION (Continued)

	Unaudited			
	For the six months ended 30 September 2017			
	Computer and peripheral products business HK\$'000	Corporate finance advisory business HK\$'000	Money lending business HK\$'000	Total HK\$'000
Revenue from external customer	290,069	9,645	5,347	305,061
Cost of sales from external customer	(278,608)	–	–	(278,608)
	11,461	9,645	5,347	26,453
Selling expenses	(352)	–	–	(352)
General and administrative expenses	(3,960)	(1,614)	(222)	(5,796)
Other gain	387	1	–	388
Finance costs	(80)	–	–	(80)
Adjusted operating profit	<u>7,456</u>	<u>8,032</u>	<u>5,125</u>	<u>20,613</u>
Unallocated expenses				(11,547)
Profit before income tax				9,066
Income tax expense				(1,675)
Profit for the period				<u>7,391</u>

Interest revenue of HK\$7,901,000 (Last Corresponding Period: HK\$5,347,000) was included in revenue from external customers, contributed by money lending business segment of HK\$3,214,000 (Last Corresponding Period: HK\$5,347,000) and securities brokerage business segment of HK\$4,687,000 (Last Corresponding Period: nil), respectively.

4. REVENUE AND SEGMENT INFORMATION (Continued)

The following tables present segment assets, segment liabilities and capital expenditure as at 30 September 2018 and 31 March 2018.

Unaudited					
As at 30 September 2018					
	Computer and peripheral products business <i>HK\$'000</i>	Corporate finance advisory business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities brokerage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>202,158</u>	<u>28,387</u>	<u>42,319</u>	<u>185,041</u>	<u>457,905</u>
Segment liabilities	<u>36,127</u>	<u>9,015</u>	<u>–</u>	<u>27,199</u>	<u>72,341</u>
Capital expenditure	<u>18</u>	<u>9</u>	<u>–</u>	<u>21</u>	<u>48</u>
Audited					
As at 31 March 2018					
	Computer and peripheral products business <i>HK\$'000</i>	Corporate finance advisory business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities brokerage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>241,108</u>	<u>42,051</u>	<u>69,094</u>	<u>165,477</u>	<u>517,730</u>
Segment liabilities	<u>37,583</u>	<u>47</u>	<u>–</u>	<u>24,968</u>	<u>62,598</u>
Capital expenditure	<u>43</u>	<u>41</u>	<u>–</u>	<u>–</u>	<u>84</u>

4. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2018	2018
	HK\$'000	HK\$'000
Segment assets	457,905	517,730
Cash and cash equivalents	93,558	476
Property, plant and equipment	279,888	43,027
Deposits, prepayments and other receivables	9,208	41,698
Deferred tax assets	4,475	3,880
Income tax recoverable	271	832
	<hr/>	<hr/>
Total assets	845,305	607,643
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	72,341	62,598
Deferred tax liabilities	36	500
Bank borrowings	85,963	–
Current income tax liabilities	6,710	5,451
Other unallocated liabilities	117	53
	<hr/>	<hr/>
Total liabilities	165,167	68,602
	<hr/> <hr/>	<hr/> <hr/>

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

5. FINANCE COSTS

	Unaudited	
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Finance costs		
– Interest expenses on bank borrowings	<u>1,839</u>	<u>80</u>

6. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, and general and administrative expenses are analysed as follows:

	Unaudited	
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Cost of inventories sold	362,245	278,608
Auditor's remuneration	751	691
Depreciation of property, plant and equipment	4,153	1,064
Amortization of intangible assets	620	204
Legal and professional fees	855	624
Employee benefit expenses	8,268	4,850
Share option expenses	1,541	8,256
Operating lease rentals of premises	1,537	84
Provision for impairment	1,591	–
Building management fee	785	281
Others	2,655	1,572
Total	<u>385,001</u>	<u>296,234</u>

7. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	1,820	3,062
Deferred income tax		
– Hong Kong profits tax	<u>(604)</u>	<u>(1,387)</u>
	<u>1,216</u>	<u>1,675</u>

7. INCOME TAX EXPENSE (Continued)

The Group is subject to both Hong Kong profits tax and PRC corporate income tax.

Hong Kong profits tax has been provided for at the rate of 16.5% for the periods on the estimated assessable profits arising in or derived from Hong Kong.

The subsidiary in the PRC is subjected to PRC corporate income tax at the rate of 25% for the periods. No PRC corporate income tax has been provided as the PRC subsidiary has no assessable profits for the periods.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the Current Period of approximately HK\$5,454,000 (Last Corresponding Period: HK\$7,391,000) and of the weighted average number of approximately 4,191,241,180 (Last Corresponding Period: 3,856,560,000) ordinary shares in issue during the Current Period.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the reporting periods.

9. DIVIDENDS

The Board does not recommend any interim dividend for the Current Period (Last Corresponding Period: nil).

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the Current Period, there was additions of approximately HK\$240,738,000 for property, plant and equipment (Last Corresponding Period: nil) and no additions for intangible assets (Last Corresponding Period: nil).

Also, during the Current Period, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of approximately HK\$53,000 (Last Corresponding Period : approximately HK\$7,000) which resulting in a gain on disposal of approximately HK\$115,000 (Last Corresponding Period: approximately HK\$54,000).

11. LOAN RECEIVABLES

	Unaudited 30 September 2018 <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
Loan receivables	34,800	50,000
Less: provision for impairment	(93)	–
	<hr/>	<hr/>
Loan receivables, net	34,707	50,000

11. LOAN RECEIVABLES (Continued)

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

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2018 <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
Non-current		
Account receivables	–	1,000
Non-current deposits and prepayments for acquisition of a property	–	41,140
Other non-current deposits	9,802	960
Other assets	205	205
	<u>10,007</u>	<u>43,305</u>
Current		
Account receivables	133,070	111,662
Provision for impairment of account receivables	(249)	–
Cash client receivables	83,849	61,910
Provision for impairment of cash client receivables	(4,001)	–
Due from clearing house	597	21
	<u>213,266</u>	<u>173,593</u>
Prepayments	506	582
Due from related parties	31	25
Other receivables	2,088	227
Interest receivables	2,421	2,941
Provision for impairment of interest receivables	(7)	–
	<u>5,039</u>	<u>3,775</u>
Total account receivables, deposits, prepayments and other receivables	<u>228,312</u>	<u>220,673</u>

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The aging analysis of relevant account receivables based on invoice date is as follows:

	Unaudited 30 September 2018 <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
1 – 30 days	81,604	78,819
31 – 60 days	51,020	33,697
61 – 90 days	360	–
Over 90 days	86	146
	<hr/>	<hr/>
	133,070	112,662
Less: provision for impairment	(249)	–
	<hr/>	<hr/>
	132,821	112,662
	<hr/> <hr/>	<hr/> <hr/>

The Group generally grants credit periods up to 60 days to the customers of trading business and corporate finance business.

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

	Unaudited 30 September 2018 <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
HK\$	100,293	112,803
RMB	84	92
US\$	127,935	107,778
	<hr/>	<hr/>
	228,312	220,673
	<hr/> <hr/>	<hr/> <hr/>

13. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	Unaudited 30 September 2018 HK\$'000	Audited 31 March 2018 HK\$'000
Account payables:		
Cash client payables (<i>Note a</i>)	26,364	24,543
Due to cleaning house (<i>Note b</i>)	597	163
	<hr/> 26,961 <hr/>	<hr/> 24,706 <hr/>
Other payables and accrued expenses:		
Accrued expenses	1,314	1,762
Other payables	78	59
	<hr/> 1,392 <hr/>	<hr/> 1,821 <hr/>
Total account payables, other payables and accrued expenses	<hr/> 28,353 <hr/>	<hr/> 26,527 <hr/>

Note:

- (a) The settlement terms of payables arising from securities business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.
- (b) In presenting the amounts due to Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC.

14. BANK BORROWINGS

The maturities of the bank borrowings at the respective dates of the statement of financial position in accordance with the scheduled repayment dates are as follows:

	Unaudited 30 September 2018 <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
Bank loans		
Within one year	4,812	2,166
Between one and two years	4,819	2,172
Between two and five years	15,415	6,804
Over five years	96,024	24,982
	<u>121,070</u>	<u>36,124</u>

Bank borrowings of the Group are denominated in the following currencies:

	Unaudited 30 September 2018 <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
HK\$	<u>121,070</u>	<u>36,124</u>

15. SHARE CAPITAL

Authorised shares:

As at 30 September 2018, the total authorised number of ordinary shares is 96,000 million shares (31 March 2018: 96,000 million shares) with a par value of HK\$0.0008333 per share (31 March 2018: HK\$0.0008333 per share).

	Unaudited 30 September 2018		Audited 31 March 2018	
	Number of shares '000	Amount <i>HK\$'000</i>	Number of shares '000	Amount <i>HK\$'000</i>
Issued and fully paid:				
Ordinary shares				
At beginning of the period	4,089,492	3,408	3,856,560	3,214
Share options exercised	-	-	1,932	2
Issuance of consideration shares for acquisition of a subsidiary	-	-	231,000	192
Share issued by placing (<i>Note</i>)	300,510	250	-	-
	<u>4,390,002</u>	<u>3,658</u>	<u>4,089,492</u>	<u>3,408</u>
At end of the period	<u>4,390,002</u>	<u>3,658</u>	<u>4,089,492</u>	<u>3,408</u>

15. SHARE CAPITAL (Continued)

Note:

On 31 July 2018, the Company issued 300,510,000 ordinary shares of HK\$0.0008333 each at price of HK\$0.5 each through placement for an aggregate consideration of HK\$150,255,000.

16. COMMITMENTS

(a) Operating lease commitments

The Group leases an office property under an operating lease arrangement, with the lease negotiated for terms of two years. The future aggregate minimum lease payments for the office property under non-cancellable operating lease are as follows:

	Unaudited 30 September 2018 HK\$'000	Audited 31 March 2018 HK\$'000
Not later than 1 year	2,811	2,790
Later than 1 year and not later than 5 years	470	1,879
	<u>3,281</u>	<u>4,669</u>

(b) Capital commitments

In addition to the operating lease commitments detailed in note (a) above, the Group had the following capital commitments at the end of the reporting period:

	Unaudited 30 September 2018 HK\$'000	Audited 31 March 2018 HK\$'000
Contracted, but not provided for:		
Furniture and fixtures	477	–
Leasehold properties	–	198,589
Leasehold improvements	4,106	189
Office equipment	309	–
	<u>4,892</u>	<u>198,778</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group was principally engaged in (i) computer and peripheral products business and (ii) financial services business.

(i) **Computer and peripheral products business**

The Group operates in the computer and peripheral products industry which is dynamic and competitive and there have been constant changes in new technologies in the industry. During the period under review, the global economy remained fragile and challenging compared with Last Corresponding Period and the overall market competition remained intensive. Attributed to these market conditions, the Group effectively made good use of business and management strategies to reduce the risk arising from the rapid changes of the market and the Group's overall revenue in the business segment of computer and peripheral products increased accordingly. 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 continues to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under different market conditions.

(ii) **Financial services business**

The financial services business that the Group operates mainly includes (i) corporate finance advisory business; (ii) money lending business; and (iii) securities brokerage business.

Corporate finance advisory business

The Group engages in corporate finance advisory business through its wholly owned subsidiary Huabang Corporate Finance Limited (“Huabang Corporate Finance”). Huabang Corporate Finance is a licensed corporation carrying on business in Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). It is licensed to conduct the following regulated activities under the SFO in Hong Kong:

- Acting as sponsor for the corporate clients to have an initial public offering (“IPO”) on the Hong Kong Stock Exchange

- Advising on the Codes on Takeovers and Mergers and Share Buy-backs in Hong Kong
- Acting as Financial Adviser for the listed companies in Hong Kong in the context of the Listing Rules

During the Current Period under review, revenue generated from IPO sponsorship services, financial advisory services, compliance advisory engagements was comparable with the Last Corresponding Period. The Group recorded a total revenue from the corporate finance advisory business of approximately HK\$9.0 million during the Current Period (Last Corresponding Period: HK\$9.6 million).

Money lending business

The Group engaged in money lending business through an indirect wholly-owned subsidiary of the Company, which holds a money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. The Group recorded a total revenue from this business segment of approximately HK\$3.2 million (Last Corresponding Period: HK\$5.3 million) during the Current Period. The Group continued to make efforts to develop the money lending business. Even though the market competition of the money lending industry in Hong Kong is increasing, the loan demand in Hong Kong remains robust during recent years and the Group believes that the money lending business will have a promising prospect.

Securities brokerage business

The Group engages in securities brokerage business through its wholly owned subsidiary Huabang Securities Limited which was acquired by the Group in February 2018. Huabang Securities Limited is a licensed corporation under the SFO with the following regulated activities: (i) Type 1: Dealing in securities; and (ii) Type 4: Advising on securities. The principal activities are provision of brokerage services and securities margin financing to clients. The Group recorded a total revenue from this business segment of approximately HK\$7.4 million during the Current Period (Last Corresponding Period: nil).

The business of the Huabang Securities Limited have a synergistic effect with the business of Huabang Corporate Finance, a licensed corporation carry out Type 6 regulated activities (advising on corporate finance) under the SFO. The Group will be able to offer a one-stop shop solution to its corporate clients, and undertake the roles of sponsor/financial adviser, underwriter and bookrunner to meet the client's fund-raising needs and capital market services needs.

LOOKING AHEAD

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

FINANCIAL REVIEW

Revenue and Gross Profit Margin

During the period under review, the Group has four business segments, being

- (a) computer and peripheral products business;
- (b) corporate finance advisory business;
- (c) money lending business; and
- (d) securities brokerage business

Revenue by business segments for the Group's revenue for the Current Period is as follows:

- Computer and peripheral products business: approximately HK\$372.2 million, representing 95.0% of revenue
- Corporate finance advisory business: approximately HK\$9.0 million, representing 2.3% of revenue
- Money lending business: approximately HK\$3.2 million, representing 0.8% of revenue

- Securities brokerage business: approximately HK\$7.4 million, representing 1.9% of revenue

The Group's total revenue for the Current Period was approximately HK\$391.9 million, being an increase of approximately HK\$86.8 million when compared to the Last Corresponding Period of approximately HK\$305.1 million. The increase was mainly attributable to increase in revenue derived from computer and peripheral products business.

Gross profit margin for the Current Period was approximately 7.6% (Last Corresponding Period: 8.7%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from computer and peripheral products business for the Current Period.

Selling Expenses

Selling expenses decreased by approximately 38.7% from the Last Corresponding Period mainly due to the decrease in employee benefit expenses following the enhancement of organizational structure in previous year.

General and Administrative Expenses

General and administrative expenses for the Current Period increased by approximately HK\$5.3 million from the Last Corresponding Period, which was mainly due to increase in depreciation of property, plant and equipment and increase in the employee benefit expenses during the Current Period.

Other Income

Increase in other income for the Current Period was mainly due to the increase in exchange gain in foreign currency translation.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the Current Period amounted to approximately HK\$5.5 million (Last Corresponding Period: approximately HK\$7.4 million), resulted in a basic and diluted earnings per share of HK\$0.13 cents for the Current Period (Last Corresponding Period: HK\$0.19 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 30 September 2018 was approximately HK\$0.4 million (31 March 2018: approximately HK\$1.9 million). The overall inventories turnover days improved for the Current Period.

As at 30 September 2018, the Group's loan receivables amounted to HK\$34.7 million, which arise from its money lending business in Hong Kong, are all repayable within one year from the dates of inception of the loan agreements.

The Group continues to closely monitor the settlements from its customers on a going basis to ensure the credit risk is minimized at a reasonable and acceptable level from time to time. The Group's account receivables increased by approximately HK\$39.7 million, from approximately HK\$173.6 million as at 31 March 2018 to approximately HK\$213.3 million as at 30 September 2018.

Liquidity, Financial Resources, Capital Structure and Fund Raising Activities

The Group maintained a solid financial position during the periods. As at 30 September 2018, cash and cash equivalents of the Group amounted to approximately HK\$209.2 million (31 March 2018: approximately HK\$200.3 million), and the Group's net assets amounted to approximately HK\$680.1 million (31 March 2018: approximately HK\$539.0 million). There was approximately HK\$121.1 million outstanding bank borrowings balance as at 30 September 2018 (31 March 2018: HK\$36.1 million). The Group's liquidity position was well-managed during the periods.

As at 30 September 2018, the Group was at a healthy financial position as there were sufficient cash and cash equivalents which was higher than the bank borrowings (that is net cash position). The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the period. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

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

The capital of the Company comprises only ordinary shares. On 31 July 2018, the Company completed a placing of 300,510,000 ordinary shares, of nominal value of approximately HK\$250,000 in the capital of the Company at a price of HK\$0.50 per placing share to not less than six independent third parties, with gross proceeds of approximately HK\$150.3 million. The proceeds had been fully utilised as intended for general working capital of the Group including the payment for procurement of computer and peripheral products and repayment of the bank borrowings.

As at 30 September 2018, the number of ordinary shares of the Company in issued and fully paid was 4,390,002,000.

Capital Commitments

Other than disclosed in note 16(b) to the condensed consolidated financial information in this report, the Group had no other capital commitments as at 30 September 2018 and 31 March 2018.

Pledge of Assets

As at 30 September 2018 and 31 March 2018, the Group has pledged the properties with carrying values of approximately HK\$278.6 million and HK\$42.5 million, respectively, to secure general banking facilities granted to the Group.

Foreign Currency Exposure

The Group exposes to certain foreign currency risk primarily with respect to Renminbi (“RMB”) and United States dollar (“US\$”) as most of the transactions are denominated in HK\$, RMB and US\$. The Group is exposed to foreign exchange risk primarily through sales, purchases, capital expenditure and expenses transactions that are denominated in currencies other than the functional currencies of the group companies. The Group manages its exposures 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 Current Period, 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 at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2018 and 31 March 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of a interim dividend for the Current Period.

USE OF PROCEEDS

On 9 September 2013 (the “Listing Date”), the Company completed the placing of 69,000,000 shares of par value of HK\$0.01 each at an issue price of HK\$0.90 per share. The net proceeds from the placing were approximately HK\$36 million. The actual use of proceeds up to 31 March 2018 had been disclosed in the Annual Report 2018 and the revised schedule of the plan for the use of proceeds had been disclosed in the annual report 2016 of the Company. As at 30 September 2018, net proceeds of HK\$10.4 million had been applied.

During the Current Period, the net proceeds had been applied as follows:

	Intended use of proceeds for the six months ended 30 September 2018	Actual use of proceeds for the six months ended 30 September 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase market share	2,300	2,138
Strengthen R&D and design capability	510	31
Enhance quality control and improve production capability	960	524
	<hr/>	<hr/>
Total:	3,770	2,693
	<hr/> <hr/>	<hr/> <hr/>

The Directors will constantly evaluate the Group’s business plan and may change or modify plans against the changing market condition to attain sustainable business growth of the Group. All the unutilised balances have been placed in licensed banks in Hong Kong.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2018, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital (<i>Note 4</i>)
Mr. George Lu	Interest of controlled corporation (<i>Note 1</i>)	2,396,064,000	54.58
	Beneficial owner (<i>Note 1</i>)	174,133,333	3.97
	Security interest in shares	409,044,000	9.32
Mr. Lau Wan Po	Beneficial owner (<i>Note 3</i>)	100,000,000	2.28
Ms. Lau Wing Sze	Interest of controlled corporation (<i>Note 2</i>)	4,320,000	0.10
	Beneficial owner (<i>Note 2</i>)	61,536,000	1.40
Mr. Yeung Wai Fai Andrew	Beneficial owner (<i>Note 4</i>)	85,000,000	1.94
Mr. Loo Hong Shing Vincent	Beneficial owner (<i>Note 3</i>)	1,500,000	0.03
Mr. Pang Chung Fai Benny	Beneficial owner (<i>Note 3</i>)	1,500,000	0.03
Mr. Shin Yick Fabian	Beneficial owner (<i>Note 3</i>)	1,500,000	0.03

- (1) There are 2,396,064,000 shares were registered in the name of Forever Star Capital Limited (“Forever Star”). Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star, a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the shares which are beneficially owned by Forever Star. Mr. George Lu is the beneficial owner of total 174,133,333 shares. Among these 174,133,333 shares, 28,333,333 shares related to share options granted by the Company to Mr. George Lu.
- (2) The 4,320,000 shares were registered in the name of Nice Rate Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is held by Ms. Lau Wing Sze. Ms. Lau Wing Sze is also the beneficial owner of total 61,536,000 shares. Among these 61,536,000 shares, 42,600,000 shares are related to share options granted by the Company to Ms. Lau Wing Sze.
- (3) These interests are underlying shares of the Company in respect of share options granted by the Company to each of Mr. Lau Wan Po, Mr. Loo Hong Shing Vincent, Mr. Pang Chung Fai Benny and Mr. Shin Yick Fabian.
- (4) These interests are underlying shares of the Company in respect of share options conditionally granted on 29 June 2018 which is subjected to Shareholders’ approval at a general meeting.
- (5) The percentage holding is calculated based on the issued share capital of the Company as at 30 September 2018 comprising 4,390,002,000 shares.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2018, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Division 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner	2,396,064,000	54.58%
Ms. Shen Wei	Interest of spouse (<i>Note 1</i>)	174,133,333	3.97%
	Interest in controlled corporation (<i>Note 2</i>)	2,396,064,000	54.58%
	Person having a security interest in shares	409,044,000	9.32%
Qianhai Health Holdings Limited	Person having a security interest in shares (<i>Note 4</i>)	409,044,000	9.32%
China Goldjoy Securities Limited	Custodian interest (<i>Note 3</i>)	346,912,000	7.90%
Newpont Holdings Limited	Beneficial owner	231,000,000	5.26%

Notes:

- (1) Ms. Shen Wei is the spouse of Mr. George Lu, an Executive Director and the Chairman and Chief Executive Officer of the Company, and is therefore deemed to be interested in the 145,800,000 Shares held by Mr. George Lu who is the beneficial owner and also 28,333,333 underlying Shares held by Mr. George Lu in respect of his interests in share options of the Company, by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.
- (2) Ms. Shen Wei owns 50% of Forever Star and is therefore deemed to be interested in the 2,396,064,000 Shares held by Forever Star by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.
- (3) According to the information available to the Company, China Goldjoy Securities Limited is a custodian of a total 346,912,000 Shares.
- (4) According to the information available to the Company, Qianhai Health Holdings Limited is deemed to be interested in the 409,044,000 shares as it is a deemed as person having a security interest in shares. Qianhai Health Holdings Limited is owned as to 47.55% by Super Generation Group Ltd. which is wholly owned by Mr. George Lu.

Save as disclosed above, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

On 21 August 2013 (“the date of adoption”), the Company conditionally approved a share option scheme (the “Share Option Scheme”) under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a trading day (“Offer Date”); (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company’s shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing.

On 29 June 2018, the Group conditionally granted a total of 85,000,000 share options to Mr. Yeung Wai Fai Andrew, a non-executive director of the Company, such conditionally granted of share options will be subjected to Shareholders’ approval at a general meeting.

As at 30 September 2018, options to subscribe for an aggregate of 229,401,333 shares granted to the Directors and employees pursuant to the Scheme remained outstanding, details of which are as follows:

Type of participants	Date of grant	Exercisable period	Exercise price	Outstanding as at 1 April 2018	Granted during the period	Exercise during the period	Lapsed during the period	Outstanding as at 30 September 2018
Directors								
Mr. George Lu	24 February 2017	24 February 2017 to 20 December 2019	HK\$0.55	28,333,333	-	-	-	28,333,333
Mr. Lau Wan Po	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	33,333,333	-	-	-	33,333,333
		21 December 2017 to 20 December 2019	HK\$0.55	33,333,333	-	-	-	33,333,333
		21 December 2018 to 20 December 2019	HK\$0.55	33,333,334	-	-	-	33,333,334
Ms. Lau Wing Sze	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	14,200,000	-	-	-	14,200,000
		21 December 2017 to 20 December 2019	HK\$0.55	14,200,000	-	-	-	14,200,000
		21 December 2018 to 20 December 2019	HK\$0.55	14,200,000	-	-	-	14,200,000
Mr. Pang Chung Fai Benny	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2017 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2018 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
Mr. Loo Hong Shing Vincent	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2017 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2018 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000

Type of participants	Date of grant	Exercisable period	Exercise price	Outstanding as at 1 April 2018	Granted during the period	Exercise during the period	Lapsed during the period	Outstanding as at 30 September 2018
Directors								
Mr. Shin Yick Fabian	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2017 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2018 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
Employees	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	16,701,333	-	-	-	16,701,333
		21 December 2017 to 20 December 2019	HK\$0.55	18,633,333	-	-	-	18,633,333
		21 December 2018 to 20 December 2019	HK\$0.55	18,633,334	-	-	-	18,633,334
				<u>229,401,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,401,333</u>

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Current Period, the Group repurchased a total of 1,020,000 ordinary shares of HK\$0.0008333 per share through the Stock Exchange at an aggregate consideration of approximately HK\$456,000 (including transaction costs). All these repurchased shares were not yet cancelled as at 30 September 2018. Details of shares repurchased during the Current Period are set out as follows:

Month of repurchases	No. of ordinary shares of HK\$0.0008333 each	Price paid per share		Aggregate consideration paid (including expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
September 2018	1,020,000	0.520	0.435	456
	<u>1,020,000</u>			<u>456</u>

CORPORATE GOVERNANCE CODE

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 Current Period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except in relation to CG Code provisions A.2.1 and A.6.7, as more particularly described below.

CG Code provision A.2.1

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

CG Code provision A.6.7

Code provision A.6.7 of the CG Code requires that independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Due to other business engagement, one independent non-executive director was unable to attend the annual general meeting of the Company held on 31 August 2018.

MODEL CODE FOR 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 Issues (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the Current Period.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the “Audit Committee”) has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim financial statements for the interim period with the Directors. The Audit Committee comprises three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent, Mr. Zhu Shouzhong and Mr. Li Huaqiang.

By order of the Board
Huabang Financial Holdings Limited
George Lu
Chairman & Chief Executive Officer

Hong Kong, 14 November 2018

As at the date of this report, the Executive Directors of the Company are Mr. George Lu and Ms. Lau Wing Sze; the Non-Executive Directors of the Company are Mr. Lam Allan Loc, Mr. Pang Chung Fai Benny and Mr. Yeung Wai Fai Andrew; and the independent Non-Executive Directors of the Company are Mr. Loo Hong Shing Vincent, Mr. Li Huaqiang and Mr. Zhu Shouzhong.