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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Directors (the "Board") of Huabang Financial Holdings Limited (the "Company") presents the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 ("Current Year") together with the comparative figures of the corresponding year ended 31 March 2018 ("Last Corresponding Year").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Note	Year ended 31 March **2019** *HK$'000*	2018 *HK$'000*
Revenue	*3*	**844,552**	683,410
Cost of sales	*3*	**(788,222)**	(627,443)
Gross profit		**56,330**	55,967
Selling expenses		**(523)**	(762)
General and administrative expenses		**(55,030)**	(41,317)
Expected credit loss on financial assets, net		**(37,573)**	–
Other gains/(losses)	*5*	**2,844**	(239)
Operating (loss)/profit		**(33,952)**	13,649
Finance costs	*6*	**(3,624)**	(477)
(Loss)/profit before income tax		**(37,576)**	13,172
Income tax credit/(expense)	*7*	**2,859**	(3,961)
(Loss)/profit for the year attributable to equity holders of the Company		**(34,717)**	9,211
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	*8*	**HK(0.81) cent**	HK0.24 cent
Diluted	*8*	**HK(0.81) cent**	HK0.24 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Comprehensive income		
(Loss)/profit for the year	**(34,717)**	9,211
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss		
Currency translation differences	**(82)**	420
Total comprehensive income for the year attributable to equity holders of the Company	**(34,799)**	9,631

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		As at 31 March	
		2019	2018
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**287,763**	44,515
Intangible assets		**54,495**	60,377
Investment accounted for using equity method		**30,000**	–
Account receivables	*12*	**–**	1,000
Deposits, prepayments and other receivables	*12*	**915**	42,305
Deferred tax assets		**8,292**	3,880
		381,465	152,077
Current assets			
Inventories		**–**	1,875
Loan receivables	*11*	**15,204**	50,000
Account receivables	*12*	**193,004**	173,593
Deposits, prepayments and other receivables	*12*	**2,364**	3,775
Financial assets at fair value through profit or loss	*13*	**786**	1,808
Income tax recoverable		**1,552**	832
Bank balances held on behalf of clients	*14*	**17,837**	23,429
Cash and cash equivalents		**201,704**	200,254
		432,451	455,566
Total assets		**813,916**	607,643

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2019

		As at 31 March	
		2019	2018
	Note	***HK$'000***	*HK$'000*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*15*	**3,654**	3,408
Other reserves		**574,549**	435,239
Retained earnings		**57,119**	100,394
Total equity		**635,322**	539,041
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**310**	500
		310	500
Current liabilities			
Account payables	*16*	**17,834**	24,706
Other payables and accrued expenses	*16*	**2,452**	1,821
Contract liabilities		**358**	–
Bank borrowings	*17*	**156,513**	36,124
Current income tax liabilities		**1,127**	5,451
		178,284	68,102
Total liabilities		**178,594**	68,602
Total equity and liabilities		**813,916**	607,643
Net current assets		**254,167**	387,464
Total assets less current liabilities		**635,632**	539,541

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

		Attributable to equity holders of the Company										
			Other reserves									
		Share capital	Share premium	Employee share-based compensation reserve	Shares held for share award scheme	Merger reserve *Note (a)*	Capital reserve *Note (b)*	Statutory reserve *Note (c)*	Exchange reserve	Sub total	Retained earnings	Total
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2018												
Balance 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 year		–	–	–	–	–	–	–	–	–	9,211	9,211
Other comprehensive income												
Currency translation differences		–	–	–	–	–	–	—	420	420	–	420
Total comprehensive income		–	–	–	–	–	–	–	420	420	9,211	9,631
Transaction with owners												
Employees share option scheme												
– value of employee services		–	–	9,607	–	–	–	–	–	9,607	–	9,607
– exercise of employee share options	*15*	2	1,236	(175)	–	–	–	–	–	1,061	–	1,063
– forfeiture of employee share options		–	–	(810)	–	–	–	–	–	(810)	–	(810)
Issue of shares for acquisition of a subsidiary	*15*	192	109,533	–	–	–	–	–	–	109,533	–	109,725
Balance at 31 March 2018		3,408	354,518	22,882	–	50,374	2,480	1,042	3,943	435,239	100,394	539,041
For the year ended 31 March 2019												
Balance at 31 March 2018		3,408	354,518	22,882	–	50,374	2,480	1,042	3,943	435,239	100,394	539,041
Effect of adoption of HKFRS 9	*2(a)*	–	–	–	–	–	–	–	–	–	(2,304)	(2,304)
Effect of adoption of HKFRS 15	*2(a)*	–	–	–	–	–	–	–	–	–	(13,017)	(13,017)
Balance at 1 April 2018 (restated)		3,408	354,518	22,882	–	50,374	2,480	1,042	3,943	435,239	85,073	523,720
Comprehensive income												
Loss for the year		–	–	–	–	–	–	–	–	–	(34,717)	(34,717)
Other comprehensive income												
Currency translation differences		–	–	–	–	–	–	–	(82)	(82)	–	(82)
Total comprehensive income		–	–	–	–	–	–	–	(82)	(82)	(34,717)	(34,799)
Transaction with owners												
Issue of new shares through placing	*15*	250	150,005	–	–	–	–	–	–	150,005	–	150,255
Shares repurchased and cancelled	*15*	(4)	(2,191)	–	–	–	–	–	–	(2,191)	–	(2,195)
Employee share option scheme												
– value of employee services		–	–	1,541	–	–	–	–	–	1,541	–	1,541
– forfeiture of employee share options		–	–	(9,468)	–	–	–	–	–	(9,468)	6,763	(2,705)
Purchase of shares under share award schemes		–	–	–	(495)	–	–	–	–	(495)	–	(495)
Balance at 31 March 2019		3,654	502,332	14,955	(495)	50,374	2,480	1,042	3,861	574,549	57,119	635,322

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2019

Notes:

(a) Merger reserve

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

(b) Capital reserve

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

(c) Statutory reserve

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in (i) computer and peripheral products business, (ii) financial services business and (iii) money lending business (the "Business").

The directors considered Mr. George Lu and Ms. Shen Wei, spouse of Mr. George Lu, to be the ultimate controlling shareholders.

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

These consolidated financial information are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousands, unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the Group's annual report.

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018:

The Group has applied the following HKFRSs for the first time for their annual reporting period commencing 1 April 2018:

- HKFRS 9 "Financial Instruments"
- HKFRS 15 "Revenue from Contracts with Customers"
- Amendments to HKFRS 2, "Classification and Measurement of Share-based Payment Transactions"
- Amendments to HKFRS 4, "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

- Amendments to HKFRS 15, “Clarifications to HKFRS 15 Revenue from Contracts with Customers”
- Amendments to HKAS 40, “Transfer of Investment Property”
- HK(IFRIC)-Int 22, “Foreign Currency Transactions and Advance Consideration”
- Annual Improvements 2014-2016 Cycle, “Amendments to HKFRS 1 and HKAS 28”

The Group has adopted these HKFRSs other than as explained below regarding the impact of HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers”, the adoption of the remaining standards did not have a significant impact on the Group's results and financial position.

HKFRS 9 “Financial Instruments”

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

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

(a) Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position, including the effect of replacing HKAS 39’s incurred credit loss calculations with HKFRS 9’s expected credit losses (“ECLs”).

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

(a) Classification and measurement *(Continued)*

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

		HKAS 39 measurement			HKFRS 9 measurement	
		Category	Amount	ECL	Amount	Category
	Note		*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets						
Loan receivables		L&R[1]	50,000	(316)	49,684	AC[2]
Account receivables	*(i)*	L&R	173,254	(2,423)	170,831	AC
Financial assets included in deposits, prepayments and other receivables		L&R	4,358	(20)	4,338	AC
Financial assets at fair value through profit or loss		FVPL[3]	1,808	–	1,808	FVPL
Bank balances held on behalf of clients		L&R	23,429	–	23,429	AC
Cash and cash equivalents		L&R	200,254	–	200,254	AC
			453,103	(2,759)	450,344	
Other assets						
Deferred tax assets			3,880	172	4,052	
Total financial assets			456,983	(2,587)	454,396	

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

(a) Classification and measurement *(Continued)*

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows: *(Continued)*

		HKAS 39 measurement			HKFRS 9 measurement	
		Category	**Amount**	**ECL**	**Amount**	**Category**
	Note		*HK$'000*	*HK$'000*	*HK$'000*	
Financial liabilities						
Account payables		AC	24,706	–	24,706	AC
Financial liabilities included in other payables and accrued expenses		AC	1,821	–	1,821	AC
Bank borrowings		AC	36,124	–	36,124	AC
			62,651	–	62,651	
Other liabilities						
Deferred tax liabilities			500	(283)	217	
Total financial liabilities			63,151	(283)	62,868	

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

(a) Classification and measurement *(Continued)*

[1] L&R: Loans and receivables
[2] AC: Financial assets or financial liabilities at amortised cost
[3] FVPL: Financial assets at fair value through profit or loss

Notes:

(i) The gross carrying amounts of the trade receivables under the column "HKAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of HKFRS 15 but before the measurement of ECLs. Further details of the adjustments for the adoption of HKFRS 15 are included in Note 2(a) to the consolidated financial information.

(b) Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9. Further details are disclosed in Notes 11 and 12 to the consolidated financial information.

	Impairment allowances under HKAS 39 at 31 March 2018	Re-measurement	ECL allowances under HKFRS 9 at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Loan receivables	–	316	316
Account receivables arising from provision of corporate finance advisory services	–	23	23
Cash client receivables	–	1,718	1,718
Trade receivables	–	682	682
Financial assets included in deposits, prepayments and other receivables	–	20	20
	–	2,759	2,759

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

(c) Impact on retained earnings

The impact of transition to HKFRS 9 on retained earnings is as follows:

	Retained earnings *HK$'000*
Balance as at 31 March 2018 under HKAS 39	100,394
Recognition of expected credit losses for financial assets under HKFRS 9	(2,759)
Deferred tax in relation to the above	455
Balance as at 1 April 2018 under HKFRS 9	98,090

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new 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. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in the Group's annual report.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" *(Continued)*

Set out below are the amounts by which each financial statement line item was affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	(Decrease)/ increase *HK$'000*
Assets	
Account receivables	(1,339)
Liabilities	
Contract liabilities	11,678
Equity	
Retained earnings	(13,017)

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" *(Continued)*

Set out below are the amounts by which each financial statement line item was affected as at 31 March 2019 and for the year ended 31 March 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Company's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated income statement for the year ended 31 March 2019

	Amount prepared under		
	HKFRS 15	**Previous HKFRS**	**Increase/ (decrease)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	844,552	831,535	13,017
Gross profit	56,330	43,313	13,017
Operating loss	(33,952)	(46,969)	(13,017)
Loss for the year attributable to equity holders of the Company	(34,717)	(47,734)	(13,017)
Loss per share attributable to equity holders of the Company			
Basic	HK(0.81) cent	HK(1.11) cent	HK(0.30) cent
Diluted	HK(0.81) cent	HK(1.11) cent	HK(0.30) cent

Consolidated statement of financial position as at 31 March 2019

Other payables and accrued expenses	2,452	2,810	(358)
Contract liabilities	358	–	358
Total liabilities	178,594	178,594	–
Total equity and liabilities	813,916	813,916	–
Net current assets	254,167	254,167	–
Total assets less current liabilities	635,632	635,632	–

2. BASIS OF PREPARATION *(CONTINUED)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" *(Continued)*

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 March 2019 and the income statement for the year ended 31 March 2019 are described below:

Before the adoption of HKFRS 15, the Group recognised revenue from provision of initial public offering ("IPO") sponsor services in accordance with the terms of the underlying agreements and when the relevant significant acts have been completed. Under HKFRS 15, the Group assessed that the performance obligation for sponsoring services is satisfied when all the relevant duties of a sponsor as stated in the contract are completed.

As at 1 April 2018, revenue from incomplete sponsoring service contracts recognised to profit or loss in prior years by the Group under HKAS 18 were reversed. Also, progress payments received from customers for those incomplete sponsoring service contracts were reclassified as contract liabilities and unbilled revenues receivable from customers for those services rendered which are customarily associated with the provision of such services were reversed.

All corresponding adjustments were reflected in the opening balance of retained earnings.

Accordingly, upon adoption of HKFRS 15, unbilled revenues included in account receivables arising from provision of corporate finance advisory services decreased by HK$1,339,000, contract liabilities increased by HK$11,678,000, which resulted in a decrease in retained earnings of HK$13,017,000 at 1 April 2018.

During the year ended 31 March 2019, the performance obligations of the abovementioned contracts were satisfied. Accordingly, an amount of HK$13,017,000 was recongised as revenue for the year ended 31 March 2019.

2. BASIS OF PREPARATION *(CONTINUED)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group:

The following new standards, amendments to standards, interpretations and annual improvements are relevant to the Group, but are not yet effective for the accounting year ended 31 March 2019 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 16, "Leases"	1 January 2019
Amendments to HKFRS 3, "Definition of a Business"	1 January 2020
Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"	1 January 2019
Amendments to HKFRS 10 and HKAS 28 (2011), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	No mandatory effective date yet determined
Amendments to HKAS 1 and HKAS 8, "Definition of Material"	1 January 2020
Amendments to HKAS 19, "Plan Amendment, Curtailment or Settlement"	1 January 2019
Amendments to HKAS 28, "Long-term Interests in Associates and Joint Ventures"	1 January 2019
HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"	1 January 2019
Annual Improvements 2015-2017 Cycle, "Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23"	1 January 2019

2. BASIS OF PREPARATION *(CONTINUED)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

HKFRS 16, "Leases"

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group will adopt HKFRS 16 from 1 April 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During the year ended 31 March 2019, the Group has performed a detailed assessment on the impact of adoption of HKFRS 16 and the standards are not expected to have any significant impact on the Group's consolidated financial statements.

2. BASIS OF PREPARATION *(CONTINUED)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Amendments to HKFRS 3, "Definition of a Business"

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 April 2020.

Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"

Amendments to HKFRS 9, issued in December 2017, allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of the contract to be measured at amortised cost or at fair value through other comprehensive income. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Group expects to adopt these amendments from 1 April 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The amendments do not apply to the Group as the Group does not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on HKFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. As there is no specific relief on this clarification, this requirement shall be applied retrospectively. The Group's current accounting policy is consistent with this clarification and therefore the adoption of the amendments is not expected to have any impact on the Group.

2. BASIS OF PREPARATION *(CONTINUED)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Amendments to HKFRS 10 and HKAS 28 (2011), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 and HKAS 8, "Definition of Material"

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments HKAS 19, "Plan Amendment, Curtailment or Settlement"

Amendments to HKAS 19 address the accounting for a defined benefit plan when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to (i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability or asset reflecting the benefits offered under the plan and the plan assets after that event, and (ii) determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability or asset, reflecting the benefits offered under the plan and the plan assets after that event and the discount rate used to remeasure that net defined benefit liability or asset.

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognised in other comprehensive income. The Group expects to adopt the amendments to plan amendments, curtailments or settlements occurring on or after 1 April 2019. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2. BASIS OF PREPARATION *(CONTINUED)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Amendments to HKAS 28, "Long-term Interests in Associates and Joint Ventures"

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 April 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 April 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 April 2019. The interpretation is not expected to have any significant impact on the Group's consolidated financial statements.

2. BASIS OF PREPARATION *(CONTINUED)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Annual Improvements 2015-2017 Cycle, "Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23"

Annual Improvements to HKFRSs 2015-2017 Cycle sets out amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23. The Group expects to adopt the amendments from 1 April 2019. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

- HKFRS 3 "Business Combinations": Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.

- HKFRS 11 "Joint Arrangements": Clarifies that when an entity that participates in (but does not have joint control of) a joint operation obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.

- HKAS 12 "Income Taxes": Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividends.

- HKAS 23 "Borrowing Costs": Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers (Note i)	**831,727**	–
Sales of goods	**–**	648,258
Service income		
– Provision of IPO sponsor services	**–**	20,593
– Provision of financial advisory services	**–**	1,802
– Provision of underwriting and placing services	**–**	1,021
	–	23,416
Commission income		
– Provision of securities brokerage services	**–**	149
Revenue from other sources		
Interest income calculated using the effective interest method from:		
– loan receivables	**4,906**	10,694
– cash client receivables	**7,919**	893
	12,825	11,587
Total revenue	**844,552**	683,410

3. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Revenue *(Continued)*

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

	Year ended 31 March 2019 *HK$'000*
Type of goods or services	
Sales of goods	809,978
Service income	
– Provision of IPO sponsor services	17,932
– Provision of financial advisory services	962
– Provision of underwriting and placing services	2,442
	21,336
Commission income	
– Provision of securities brokerage services	413
	831,727

Revenue recognised in service income for provision of IPO sponsor services that was included in contract liabilities at the beginning of the reporting period was HK$11,678,000.

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.

During the year ended 31 March 2019, the Group has changed the structure of its internal organisation in a manner that changes the compositions of its reportable segments by combining corporate finance advisory business and securities brokerage business. The CODM considers that the Group has three operating and reporting segments which are (i) computer and peripheral products business, (ii) financial services business (including corporate finance advisory business and securities brokerage business) and (iii) money lending business. As a results, the corresponding information for the year ended 31 March 2018 has been restated.

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, account receivables, loan receivables, allocated deposits, prepayments and other receivables where appropriate, financial assets at fair value through profit or loss and bank balances held on behalf of clients. They exclude investment accounted for using equity method, cash and cash equivalents, property, plant and equipment, deferred income tax assets, income tax recoverable and other unallocated assets, which are managed centrally.

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

3. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Segment information *(Continued)*

	For the year ended 31 March 2019			
	Computer and peripheral products business	**Financial services business**	**Money lending business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	809,978	29,668	4,906	844,552
Cost of sales from external customers	(788,222)	–	–	(788,222)
	21,756	29,668	4,906	56,330
Selling expenses	(485)	–	–	(485)
General and administrative expenses	(11,521)	(22,785)	(391)	(34,697)
Expected credit loss on financial assets, net	(99)	(30,185)	(7,289)	(37,573)
Other gains, net	352	1,762	–	2,114
Finance costs	(1,278)	–	–	(1,278)
Adjusted operating profit/(loss)	8,725	(21,540)	(2,774)	(15,589)
Unallocated expenses				(21,987)
Loss before income tax				(37,576)
Income tax credit				2,859
Loss for the year				(34,717)

3. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Segment information *(Continued)*

	For the year ended 31 March 2018 (restated)			
	Computer and peripheral products business	Financial services business	Money lending business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	648,258	24,458	10,694	683,410
Cost of sales from external customers	(627,193)	(250)	–	(627,443)
	21,065	24,208	10,694	55,967
Selling expenses	(644)	–	–	(644)
General and administrative expenses	(8,105)	(6,901)	(421)	(15,427)
Other gains/(losses), net	517	(575)	–	(58)
Finance costs	(477)	–	–	(477)
Adjusted operating profit	12,356	16,732	10,273	39,361
Unallocated expenses				(26,189)
Profit before income tax				13,172
Income tax expense				(3,961)
Profit for the year				9,211

Interest revenue of HK$12,825,000 (2018: HK$11,587,000) was included in revenue from external customers, contributed by money lending business segment of HK$4,906,000 (2018: HK$10,694,000) and financial services business segment of HK$7,919,000 (2018: HK$893,000), respectively.

3. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Segment information *(Continued)*

The following table presents segment assets and segment liabilities.

31 March 2019

	Computer and peripheral products business	**Financial services business**	**Money lending business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**284,420**	**167,239**	**30,448**	**482,107**
Segment liabilities	**73,915**	**18,212**	**-**	**92,127**
Capital expenditure	**12,089**	**79**	**-**	**12,168**

31 March 2018 (restated)

	Computer and peripheral products business	Financial services business	Money lending business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	241,108	207,528	69,094	517,730
Segment liabilities	37,583	25,015	-	62,598
Capital expenditure	43	41	-	84

3. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Segment information *(Continued)*

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Segment assets	**482,107**	517,730
Cash and cash equivalents	**15,569**	476
Property, plant and equipment	**275,378**	43,027
Deposits, prepayments and other receivables	**1,018**	41,698
Deferred tax assets	**8,292**	3,880
Investment accounted for using equity method	**30,000**	–
Income tax recoverable	**1,552**	832
Total assets	**813,916**	607,643
Segment liabilities	**92,127**	62,598
Deferred tax liabilities	**310**	500
Current income tax liabilities	**1,127**	5,451
Bank borrowings	**84,610**	–
Other unallocated liabilities	**420**	53
Total liabilities	**178,594**	68,602

Majority of the Group's revenue were derived from Hong Kong. Revenue from the top five customers for all reportable segments is as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Revenue from top five customers	**810,059**	646,852
Total revenue	**844,552**	683,410
Percentage	**96%**	95%
Number of customers that individually accounted for more than 10% of the Group's revenue	**2**	2

For the year ended 31 March 2019, there were two customers that individually accounted for approximately 81% and 13% (2018: two customers – 80% and 11%) of the Group's revenue respectively. These customers belong to the Group's computer and peripheral products business.

The Group's total non-current assets (excluding financial instruments, deferred tax assets and investment accounted for using equity method) are located in the following regions:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**341,831**	145,904
The PRC	**1,342**	128
	343,173	146,032

4. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, general and administrative expenses and expected credit loss on financial assets are analysed as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**788,222**	627,193
Write-off of inventory	**444**	–
Auditor's remuneration	**1,456**	1,208
Depreciation of property, plant and equipment	**10,702**	2,150
Amortisation of intangible assets	**1,241**	498
Legal and professional fees	**2,234**	11,352
Employee benefit expenses	**22,326**	12,485
Equity-settled share option expenses	**(1,164)**	8,797
Operating lease rentals of premises	**3,104**	1,051
Utilities expenses	**142**	85
Building management fees	**1,641**	648
Service fees for broker supplied systems	**1,329**	158
Impairment of goodwill	**4,641**	–
Write-off of account receivables arising from provision of corporate finance advisory services	**2,244**	–
Expected credit loss on financial assets, net:		
– Loan receivables	**6,780**	–
– Cash client receivables	**30,208**	–
– Trade receivables	**99**	–
– Account receivables arising from provision of corporate finance advisory services	**(23)**	–
– Interest receivables	**509**	–
	37,573	–
Others	**5,213**	3,897
Total	**881,348**	669,522

5. OTHER GAINS/(LOSSES)

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Finance income	**944**	204
Exchange gains	**125**	73
Gain on disposal of property, plant and equipment	**62**	55
Realised gain on disposal of equity investments at fair value through profit or loss	**–**	21
Unrealised loss on the change in fair value of equity investments at fair value through profit or loss	**(1,022)**	(612)
Handling fee income	**1,056**	12
Others	**1,679**	8
Total	**2,844**	(239)

6. FINANCE COSTS

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Finance costs		
– Interest expense on bank borrowings	**3,624**	477

7. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**1,290**	5,508
– PRC corporate income tax	**–**	–
Over-provision in prior year	**(2)**	(58)
Deferred income tax	**(4,147)**	(1,489)
	(2,859)	3,961

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

Hong Kong profits tax has been provided for at a rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. The subsidiaries in the PRC are subjected to PRC corporate income tax at a rate of 25% (2018: 25%).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders 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	
	2019	2018
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	**(34,717)**	9,211
Weighted average number of ordinary shares in issue	**4,288,211,573**	3,885,939,047
Basic (loss)/earnings per share	**HK(0.81) cent**	HK0.24 cent

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one (2018: one) category of dilutive potential ordinary share: share options (2018: share options). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

Diluted loss per share for the year ended 31 March 2019 was the same as the basic loss per share as the conversion of potential ordinary shares in relation to the outstanding share options would not have a dilutive effect to the basic loss per share.

8. (LOSS)/EARNINGS PER SHARE *(CONTINUED)*

(b) Diluted *(Continued)*

The calculation of diluted earnings per share for the year ended 31 March 2018 is as follows:

	Year ended 31 March 2018
Profit attributable to equity holders of the Company *(HK$'000)*	**9,211**
Weighted average number of ordinary shares in issue	**3,885,939,047**
Effect of dilution – weighted average number of ordinary shares:	
Share options	**24,421,064**
	3,910,360,111
Diluted earnings per share	**HK0.24 cent**

9. DIVIDENDS

No final dividend for the years ended 31 March 2019 and 2018 was proposed.

10. PROPERTY, PLANT AND EQUIPMENT

During the year, there was additions of approximately HK$254,019,000 for property, plant and equipment (2018: HK$84,000).

Also, during the year, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK$108,000 (2018: HK$8,000) which resulting in a gain on disposal of HK$62,000 (2018: HK$55,000).

11. LOAN RECEIVABLES

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Loan receivables	**22,300**	50,000
Less: Impairment		
– Stage 1	**(96)**	N/A
– Stage 2	**–**	N/A
– Stage 3	**(7,000)**	N/A
– Specific	**N/A**	–
	15,204	50,000

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.

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Current – within one year	**15,204**	50,000

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	
	2019	2018
	HK$'000	*HK$'000*
Not past due	**15,204**	50,000
Past due over 90 days	**–**	–
	15,204	50,000

11. LOAN RECEIVABLES *(CONTINUED)*

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2019 by the past due date and year end classification:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Not past due	15,300	–	–	15,300
Past due over 90 days	–	–	7,000	7,000
	15,300	–	7,000	22,300

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

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Impairment allowance under HKAS 39 *HK$'000*	Total *HK$'000*
As at 1 April 2018	–	–	–	–	–
Effect of adoption of HKFRS 9	316	–	–	–	316
Transfer to stage 3	(44)	–	44	–	–
Change arising from transfer of stages	–	–	6,956	–	6,956
Others	(176)	–	–	–	(176)
As at 31 March 2019	96	–	7,000	–	7,096
ECL rate	0.63%	N/A	100.00%	N/A	31.82%

The increase in the impairment allowance during the year ended 31 March 2019 was because of transfer of a loan receivable of HK$7,000,000 from stage 1 to stage 3, resulting in an increase in impairment allowance of HK$6,956,000.

Impairment under HKAS 39 for the year ended 31 March 2018

Loan receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default. No provision for impairment of loan receivables has been made during the year ended 31 March 2018.

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		As at 31 March	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Non-current			
Account receivables arising from provision of corporate finance advisory services	*(c)*	**–**	1,000
Non-current deposits and prepayments for acquisition of a property, plant and equipment	*(c)*	**–**	41,140
Prepayment for leasehold improvements	*(c)*	**227**	–
Other non-current deposits	*(c)*	**483**	960
Other assets	*(c)*	**205**	205
Total account receivables, deposits, prepayments and other receivables presented as non-current assets		**915**	43,305
Current			
Trade receivables	*(b)*	**123,227**	107,784
Account receivables arising from provision of corporate finance advisory services	*(c)*	**–**	3,878
Cash client receivables	*(a)*	**101,721**	61,910
Due from clearing house	*(c)*	**763**	21
		225,711	173,593
Less: Impairment		**(32,707)**	–
Total account receivables presented as current assets		**193,004**	173,593
Prepayments		**872**	582
Due from related parties	(c)	**–**	25
Deposits and other receivables	*(c)*	**861**	227
Interest receivables	*(c)*	**1,160**	2,941
		2,893	3,775
Less: Impairment		**(529)**	–
Total deposits, prepayments and other receivables presented as current assets		**2,364**	3,775
Total account receivables, deposits, prepayments and other receivables		**196,283**	220,673

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
HK$	**73,217**	112,803
RMB	**307**	92
US$	**122,759**	107,778
	196,283	220,673

Other than those disclosed in note (a) below, the Group does not hold any collateral as security for other account receivables, deposits and other 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	
	2019	2018
	HK$'000	*HK$'000*
Cash client receivables	**101,721**	61,910
Less: Impairment		
– Stage 1	**(22)**	N/A
– Stage 2	**–**	N/A
– Stage 3	**(31,904)**	N/A
– Specific	**N/A**	–
	69,795	61,910

(i) At 31 March 2019, the Group held securities with an aggregate fair value of HK$314,794,000 (2018: HK$281,175,000) 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 broking business.

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

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

(ii) The following is the analysis of the gross carrying amount of the cash client receivables as at 31 March 2019 by Loan-to-collateral value ("**LTV**") and year end classification:

	12-month ECLs	**Lifetime ECLs**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
LTV at 100% or above	**–**	**–**	**42,885**	42,885
LTV less than 100%	**58,836**	**–**	**–**	58,836
	58,836	**–**	**42,885**	101,721

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK$15,688,000.

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

	Stage 1	**Stage 2**	**Stage 3**	**Impairment allowance under HKAS 39**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2018	–	–	–	–	–
Effect of adoption of HKFRS 9	5	–	1,713	–	1,718
New assets originated or purchased	22	–	–	–	22
Transfer to stage 3	(5)	–	5	–	–
Change arising from transfer of stages	–	–	6,999	–	6,999
Others	–	–	23,187	–	23,187
As at 31 March 2019	22	–	31,904	–	31,926
ECL rate	0.04%	N/A	74.39%	N/A	31.39%

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER 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 2019:

- Increase in gross cash client receivables of HK$39,811,000, which was included origination of new client receivables and new drawdown from existing clients;
- Transfer of cash client receivables of HK$39,478,000 from stage 1 to stage 3, resulting in an increase in impairment allowance of HK$6,999,000; and
- Increase in stage 3 impairment allowance of HK$23,187,000 was mainly resulted from further deterioration in the fair value of collaterals during the year.

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 client.

(b) Analysis of trade receivables

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**123,227**	107,784
Less: Impairment	**(781)**	–
	122,446	107,784

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

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

(i) The Group grants credit period ranging from 1 day to 60 days (2018: from 1 day to 60 days) to the customers of trading business. The aging analysis of relevant trade receivables (mostly denominated in US$) at the date of consolidated statement of financial position based on invoice date and before impairment allowance is as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
1 – 30 days	**62,386**	74,080
31 – 60 days	**60,841**	33,697
61 – 90 days	**–**	–
Over 90 days	**–**	7
	123,227	107,784

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Effect of adoption of HKFRS 9	**682**	–
At beginning of year (restated)	**682**	–
Impairment losses, net	**99**	–
At end of year	**781**	–

Impairment under HKFRS 9 for the year ended 31 March 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by other forms of credit insurance if any). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the debtors have the indicators of bankruptcy.

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

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

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

Impairment under HKFRS 9 for the year ended 31 March 2019 (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2019

	Not past due	**Past due less than 1 month**	**Total**
Expected credit loss rate	0.63%	0.63%	0.63%
Gross carrying amount *(HK$'000)*	121,694	1,533	123,227
Expected credit losses *(HK$'000)*	771	10	781

Impairment under HKAS 39 for the year ended 31 March 2018

Included in the trade receivables of HK$54,000 were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The aging analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March 2018 *HK$'000*
Neither past due nor impaired	107,730
1 – 30 days past due	47
31 – 60 days past due	–
61 – 90 days past due	–
Over 90 days past due	7
	107,784

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables

The carrying amount of account receivables, deposits and other receivables other than cash client receivables and trade receivables of the Group was as follows:

		As at 31 March	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Account receivables arising from provision of corporate finance advisory services	*(1)*	**–**	4,878
Non-current deposits and prepayments for acquisition of a property, plant and equipment	*(2)*	**–**	41,140
Prepayments for leasehold improvements		**227**	–
Other non-current deposits		**483**	960
Other assets	*(3)*	**205**	205
Due from clearing house	*(4)*	**763**	21
Due from related parties		**–**	25
Other receivables	*(5)*	**861**	227
		2,539	47,456
Interest receivables	*(6)*	**1,160**	2,941
Less: Impairment	*(6)*	**(529)**	–
		631	2,941
Total		**3,170**	50,397

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(1) Analysis of account receivables arising from provision of corporate finance advisory services

The movements in the gross carrying amount for account receivables arising from provision of corporate finance advisory services are as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
At beginning of year	**4,878**	126
Effect of adoption of HKFRS 15	**(1,339)**	N/A
At beginning of year (restated)	**3,539**	126
Net changes during the year	**(1,295)**	4,752
Written off	**(2,244)**	–
At end of year	**–**	4,878

During the year ended 31 March 2019, HK$2,244,000 of account receivables arising from provision of corporate finance advisory services was fully impaired and written off because the directors of the Company believed that there is no reasonable expectation of recovering the contractual cash flows. The amounts written off is not subject to enforcement activity.

The movements in the impairment allowance of account receivables arising from provision of corporate finance advisory services were as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Effect of adoption of HKFRS 9	**23**	–
At beginning of year (restated)	**23**	–
Written off	**(23)**	–
At end of year	**–**	–

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(1) Analysis of account receivables arising from provision of corporate finance advisory services *(Continued)*

During the year ended 31 March 2018, the Group grants credit period ranging from 1 day to 20 days to the customers of corporate finance advisory business. The aging analysis of relevant account receivables arising from provision of corporate finance advisory services at the date of consolidated statement of financial position based on invoice date and before impairment allowance is as follows:

	As at 31 March 2018 *HK$'000*
1 – 30 days *	4,739
31 – 60 days	–
61 – 90 days	–
Over 90 days	139
	4,878

* As at 31 March 2018, the balance represented unbilled revenues.

As at 31 March 2018, included in the account receivables arising from provision of corporate finance advisory services of HK$139,000 were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

(2) Analysis of non-current deposits and prepayments for acquisition of a property, plant and equipment

On 11 January 2018, Huabang Financial Investments Limited ("Huabang Financial Investments"), an indirectly wholly-owned subsidiary of the Company, entered into a formal sales and purchase agreement with an independent third party, pursuant to which Huabang Financial Investments has agreed to purchase a property located in Hong Kong, at a consideration of HK$219,765,000, to be satisfied by cash. At 31 March 2018, non-refundable deposits and other prepayments totaling HK$41,140,000 was paid for the acquisition of the property.

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(2) Analysis of non-current deposits and prepayments for acquisition of a property, plant and equipment *(Continued)*

The transaction was completed on 18 April 2018 in accordance with the terms and conditions of the sales and purchase agreement.

(3) Analysis of other assets

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– guarantee fund deposit	**50**	50
– admission fee	**50**	50
The Stock Exchange of Hong Kong Limited		
– compensation fund deposit	**50**	50
– fidelity fund deposit	**50**	50
– stamp duty deposit	**5**	5
	205	205

As at 31 March 2019 and 2018, all other assets were not past due.

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(4) Analysis of due from clearing house

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

In presenting the amounts due from HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payable to HKSCC. Further details are set out in the Group's annual report.

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

As at 31 March 2019 and 2018, the amount due from clearing house was not past due.

(5) Analysis of other receivables

No aging analysis is disclosed for 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 2019 and 2018, all other receivables were not past due.

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(6) Analysis of interest receivables

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.

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	
	2019	2018
	HK$'000	*HK$'000*
Not past due	**631**	2,941
Past due over 90 days	**–**	–
	631	2,941

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2019 by the past due date and year end classification:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not past due	635	–	–	635
Past due over 90 days	–	–	525	525
	635	–	525	1,160

12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(6) Analysis of interest receivables *(Continued)*

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

	Stage 1	**Stage 2**	**Stage 3**	**Impairment allowance under HKAS 39**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2018	–	–	–	–	–
Effect of adoption of HKFRS 9	20	–	–	–	20
Transfer to stage 3	(3)	–	3	–	–
Change arising from transfer of stages	–	–	522	–	522
Others	(13)	–	–	–	(13)
As at 31 March 2019	4	–	525	–	529
ECL rate	0.63%	N/A	100.00%	N/A	45.60%

The increase in the impairment allowance during the year ended 31 March 2019 was because of transfer of an interest receivable of HK$525,000 from stage 1 to stage 3, resulting in an increase in impairment allowance of HK$522,000.

As at 31 March 2018, all interest receivables were neither past due nor impaired.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Investments designated at fair value through profit or loss:		
Listed equity securities – Hong Kong	**786**	1,808
	786	1,808

14. BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with licensed banks to hold clients' monies in accordance with the relevant legislation. The Group has classified the clients' monies as bank balances held on behalf of clients in current assets of the consolidated statement of financial position and recognised the corresponding account payables to respective clients in current liabilities of the consolidated statement of financial position. The Group is allowed to retain interest on the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

As at 31 March 2019, no impairment was made on bank balances held on behalf of clients (2018: nil).

15. SHARE CAPITAL

Authorised shares:

As at 31 March 2019, the total authorised number of ordinary shares is 96,000 million shares (2018: 96,000 million shares) with a par value of HK$0.0008333 per share (2018: HK$0.0008333 per share).

Issued shares:

	Number of shares *'000*	Share capital *HK$'000*
As at 1 April 2017	3,856,560	3,214
Share options exercised	1,932	2
Issuance of consideration shares for acquisition of a subsidiary *(Note a)*	231,000	192
As at 31 March 2018	4,089,492	3,408
As at 1 April 2018	4,089,492	3,408
Issue of new shares through placing *(Note b)*	300,510	250
Shares repurchased and cancelled *(Note c)*	(5,220)	(4)
As at 31 March 2019	4,384,782	3,654

Notes:

(a) Goldenmars Technology Investments Limited entered into a sales and purchase agreement with an independent third party, pursuant to which Goldenmars Technology Investments Limited agreed to acquire 100% equity interest in Huabang Securities Limited, at a consideration of HK$180,150,000, to be satisfied by cash of HK$30,000,000 and the allotment and issue of 231,000,000 shares of the Company.

(b) On 31 July 2018, the Company issued 300,510,000 ordinary shares of HK$0.0008333 each at price of HK$0.50 each through placement for an aggregate consideration of approximately HK$150,255,000.

15. SHARE CAPITAL *(CONTINUED)*

Notes: (Continued)

(c) During the year ended 31 March 2019, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchases	Number of ordinary shares of HK$0.0008333 each	Price paid per share Highest	Price paid per share Lowest	Aggregate consideration paid (including expenses)
		HK$	*HK$*	*HK$'000*
September 2018	1,020,000	0.5200	0.4350	456
October 2018	2,304,000	0.5100	0.3950	1,018
November 2018	600,000	0.4300	0.3900	242
January 2019	1,188,000	0.3800	0.3500	439
February 2019	108,000	0.3800	0.3700	40
	5,220,000			2,195

The Company cancelled 3,324,000 ordinary shares and 1,896,000 ordinary shares on 8 November 2018 and 29 March 2019, respectively.

During the year ended 31 March 2018, no share was repurchased by the Company through the Stock Exchange.

16. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Cash client payables *(Note a)*	**17,834**	24,543
Due to clearing house *(Note b)*	**–**	163
Total account payables	**17,834**	24,706
Other payables and accrued expenses		
Accrued expenses	**2,386**	1,762
Other payables	**66**	59
Total other payables and accrued expenses	**2,452**	1,821
Total account payables, other payables and accrued expenses	**20,286**	26,527

16. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES *(CONTINUED)*

Notes:

(a) The settlement terms of payables arising from securities business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.

(b) In presenting the amounts due to HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC. Further details are set out in the Group's annual report.

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
HK$	**19,966**	26,240
RMB	**320**	287
	20,286	26,527

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

17. BANK BORROWINGS

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
HK$	**148,710**	36,124
US$	**7,803**	–
	156,513	36,124

The Group's bank borrowings bear interest at a floating interest rate plus credit spread per annum (2018: same).

Certain of the Group's bank borrowings amounting to HK$138,707,000 (2018: HK$36,124,000) are secured by mortgage over the Group's leasehold properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$273,216,000 (2018: HK$42,478,000).

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

18. 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 leases are as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Not later than 1 year	**1,895**	2,790
Later than 1 year and not later than 5 years	**–**	1,879
	1,895	4,669

18. COMMITMENTS *(CONTINUED)*

(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:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Investment accounted for using equity method	**10,000**	–
Leasehold properties	**–**	198,589
Leasehold improvements	**1,833**	189
Office equipment	**80**	–
	11,913	198,778

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 year under review, the global economy remained fragile and challenging and the overall market competition remained intensive. Attributed to these market conditions, the Group effectively made good use of business and management strategies and appropriate inventory management to reduce the risk arising from the rapid changes of the market. The Group's overall revenue in the business segment of computer and peripheral products increased accordingly during the year under review, increased from approximately HK$648.3 million to approximately HK$810.0 million, representing an increment of approximately 24.9%. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group also managed to further enhance its long term and close business relationships with suppliers and customers. The Group continues to monitor the market trends and takes prompt and appropriate actions to adjust our business strategies and allocates resources effectively under different market conditions.

(ii) Financial services business

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

Financial services business

Financial services business includes corporate finance advisory business and securities brokerage services business. The Group engages in corporate finance advisory business through its wholly owned subsidiary Huabang Corporate Finance Limited and engaged in securities brokerage business through its wholly owned subsidiary Huabang Securities Limited. The business of the Huabang Securities Limited have a synergistic effect with the business of Huabang Corporate Finance Limited. The Group will be able to offer a one-stop shop solution to its corporate clients which provides securities brokerage services, underwriter and bookrunner services and advisory services to meet customers' fund-raising needs and capital market services needs. During the year under review, the global economic and financial market continued to fluctuate and the China's economic slowdown which brought uncertainties to the overall business environment. For the year ended 31 March 2019, the Group recorded a revenue of approximately HK$29.7 million and an operating loss of approximately HK$21.5 million in the business segment of financial services business.

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. Due to the overall uncertain financial and economic market and the highly competitive business environment, the Group recorded a decrease in total revenue of this business segment from approximately HK$10.7 million in last year to approximately HK$4.9 million for the year. 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 and also the uncertain external business environment, the loan demand in Hong Kong remains robust during recent years. The Group continued to make efforts to develop the money lending business and the Group believes that the money lending business will have a promising prospect.

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, insurance 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 year under review, the Group has classified its operations into three business segments, being

(a) computer and peripheral products business;

(b) Financial services business (including corporate finance advisory business and securities brokerage business); and

(c) money lending business.

Revenue by business segments for the Group's revenue for the year ended 31 March 2019 is as follows:

- Computer and peripheral products business: approximately HK$810.0 million, being an increase of approximately HK$161.7million when compared to the previous year of approximately HK$648.3million

- Financial services business (including corporate finance advisory business and securities brokerage business): approximately HK$29.7 million, being an increase of approximately HK$5.2million when compared to the previous year of approximately HK$24.5 million

- Money lending business: approximately HK$4.9 million, being a decrease of approximately HK$5.8million when compared to the previous year of approximately HK$10.7 million

The Group's total revenue for the year was approximately HK$844.6 million, being an increase of approximately HK$161.2 million when compared to the previous year of approximately HK$683.4 million. The increase was mainly attributable to increase in revenue derived from computer and peripheral products business and financial services business, which was partially offset by the revenue contribution from money lending business.

Gross profit margin for the year was approximately 6.7% (2018: approximately 8.2%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from computer and peripheral products for the year.

Selling Expenses

The decrease in selling expenses by approximately HK$0.2 million was mainly due to the decrease in employee benefit expenses contributed by the results of enhancement of organisational structure.

General and Administrative Expenses

General and administrative expenses for year increased by approximately HK$13.7 million from the Last Corresponding Year, which was mainly due to the increase in depreciation of property, plant and equipment of approximately HK$8.6 million and impairment of goodwill of approximately HK$4.6 million.

Expected Credit Loss on Financial Assets

The Group has adopted HKFRS 9 to replace HKAS 39 for annual periods beginning on or after 1 April 2018. Adoption of HKFRS 9 resulted in charge of expected credit loss on financial assets of approximately HK$37.6 million for the year ended 31 March 2019.

Other Gains/(Losses)

The Group's other gains for the year was approximately HK$2.8 million, being an increase of approximately HK$3.0 million when compared to the other losses in previous year of approximately HK$0.2 million. The increase was mainly due to the increase in bank interest income, handling fee income and other income, which was partially offset by unrealised loss on the change in fair value of equity investments during the year.

Finance Costs

Finance costs for the year was approximately HK$3.6 million, being an increase of approximately HK$3.1 million when compared to the previous year of approximately HK$0.5 million. The increase was mainly attributable to more bank interest expenses being incurred due to the increase in bank borrowings during the year.

Income Tax Credit/(Expense)

Income tax credit for the year was approximately HK$2.9 million (2018: income tax expense of approximately HK$4.0 million). The change was mainly due to the increase in deferred income tax assets and decrease in the assessable profits for the year.

(Loss)/Profit for the Year Attributable to Equity Holders of the Company

The loss for the year attributed to equity holders of the Company amounted to approximately HK$34.7 million (2018: profit attributable to equity holders of the Company of approximately HK$9.2 million), resulted in a basic loss per share for the year of HK0.81 cent (2018: basic earnings per share HK0.24 cent) and diluted loss per share for the year of HK0.81 cent (2018: diluted earnings per share HK0.24 cent).

Inventories, Loan Receivables and Account Receivables

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities. Inventories as at 31 March 2019 was Nil (31 March 2018: approximately HK$1.9 million). The overall inventories turnover days remained fairly stable for the year under review.

As at 31 March 2019, the Group's loan receivables amounted to HK$15.2 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 and an impairment allowance of approximately HK$6.8 million was incurred for the year ended 31 March 2019.

The Group continues to closely monitor the settlements from its customers on a going basis to manage the credit risk from time to time. The Group's account receivables increased by approximately HK$19.4 million, from approximately HK$173.6 million as at 31 March 2018 to approximately HK$193.0 million as at 31 March 2019. The Group recorded an expected credit loss on trade receivables and cash client receivables of approximately HK$0.1 million and HK$30.2 million respectively for the year ended 31 March 2019.

Liquidity, Financial Resources and Treasury Policy

The Group maintained a solid financial position during the year. As at 31 March 2019, cash and cash equivalents of the Group amounted to approximately HK$201.7 million (31 March 2018: approximately HK$200.3 million), and the Group's net assets amounted to approximately HK$635.3 million (31 March 2018: approximately HK$539.0 million). As at 31 March 2019, there was approximately HK$156.5 million outstanding bank borrowings balance (31 March 2018: approximately HK$36.1 million). The Group's liquidity position remained well-managed during the year.

As at 31 March 2019, 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), with a healthy current ratio of approximately 2.4 (calculated by dividing the total current assets by total current liabilities).

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

The Group's financial resources are at a strong and healthy position and are sufficient to support its business operations.

Capital Structure and Fund Raising Activities

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 approximately HK$150.3 million. The proceeds had been fully utilised as intended for general working capital of the Group including payment for procurement of computer and peripheral products, and repayment of bank borrowings.

As at 31 March 2019, the number of ordinary shares of the Company in issued and fully paid was 4,384,782,000.

Capital Commitments

Other than disclosed in note 18(b) to the consolidated financial information in this announcement, the Group had no other capital commitments as at 31 March 2019.

Pledge of Assets

As at 31 March 2019, the Group has pledged the properties with carrying values of approximately HK$273.2 million (31 March 2018: approximately HK$42.5 million) 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$") as most of the transactions are denominated in Hong Kong dollar ("HK$"), 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 generated a foreign exchange gain of approximately HK$0.1 million (2018: approximately HK$0.1 million). 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 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 at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2019 and 2018.

Employees and Emolument Policy

As at 31 March 2019, the Group had a total of 36 employees. Employee benefit expenses and share option expenses, including Directors' remuneration for the year ended 31 March 2019, totally amounted to approximately HK$21.2 million (2018: approximately HK$21.3 million). The Group's remuneration policy is based on 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 the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefit 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 2019.

Events after the reporting period

On 17 April 2019 (after trading hours), Huabang Finance Limited ("Huabang Finance"), an indirect wholly-owned subsidiary of the Company, entered into two loan agreements with two independent third parties, pursuant to which Huabang Finance has agreed to grant the loans to the borrowers respectively for a term of 12 months. Reference is made to the announcement of the Company dated 17 April 2019.

On 30 May 2019 (after trading hours), Huabang Finance entered into another loan agreement with an independent third party, pursuant to which Huabang Finance has agreed to grant the loan to the borrower for a term of 12 months. Reference is made to the announcement of the Company dated 30 May 2019.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2019, 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 Issues as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2019.

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

During the year, the Company repurchased a total of 5,220,000 ordinary shares of HK$0.0008333 per share through the Stock Exchange at an aggregate consideration of approximately HK$2,195,000 (including transaction costs). The total of 5,220,000 ordinary shares were cancelled during the year ended 31 March 2019. Details of shares repurchased during the year are set out as follows:

		Price paid per share		
Month of repurchases	**Number of ordinary shares of HK$0.0008333 each**	**Highest**	**Lowest**	**Aggregate consideration paid (including expenses)**
		HK$	*HK$*	*HK$'000*
September 2018	1,020,000	0.5200	0.4350	456
October 2018	2,304,000	0.5100	0.3950	1,018
November 2018	600,000	0.4300	0.3900	242
January 2019	1,188,000	0.3800	0.3500	439
February 2019	108,000	0.3800	0.3700	40
	5,220,000			2,195

The Board believes that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

During the year ended 31 March 2019, the trustee of the share award scheme adopted by the Company on 14 March 2019, pursuant to the terms of the rules and trust deed of the share award scheme, purchased on the Stock Exchange a total of 1,260,000 ordinary shares of the Company at a total consideration of approximately HK$495,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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 2019, 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 important business engagement, one independent Non-Executive Director was unable to attend the annual general meetings held on 31 August 2018.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference set out in the CG Code. The principle duties of the audit committee include the review and supervision of the Group's financial reporting matters, risk management and internal control procedures. The audit committee of the Board (the "Audit Committee") comprises three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent (Chairman of the Audit Committee), Mr. Zhu Shouzhong and Mr. Li Huaqiang. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for the year ended 31 March 2019 with the Directors and the external auditors of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2019 have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement. The Audit Committee has reviewed the annual results for the year ended 31 March 2019.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 23 August 2019. Details of the annual general meeting will be set out in the notice of the annual general meeting which will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 20 August 2019 to Friday, 23 August 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 August 2019.

PUBLICATION OF THE ANNUAL RESULTS AND 2019 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 2019 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 Financial Holdings Limited
George Lu
Chairman and Chief Executive Officer

Hong Kong, 25 June 2019

As at the date of this announcement, the Executive Directors of the Company are George Lu, Lam Allan Loc, the Non-Executive Director of the Company is Pang Chung Fai Benny, and the independent Non-Executive Directors of the Company are Loo Hong Shing Vincent, Zhu Shouzhong and Li Huaqiang.