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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 2020**

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 2020 (“**Current Year**”) together with the comparative figures of the corresponding year ended 31 March 2019 (“**Last Corresponding Year**”).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2020

	Note	Year ended 31 March	
		2020 HK\$'000	2019 HK\$'000
Revenue	3	933,638	844,552
Cost of sales		<u>(867,481)</u>	<u>(788,222)</u>
Gross profit		66,157	56,330
Selling expenses		(770)	(523)
General and administrative expenses		(44,549)	(55,030)
Expected credit loss on financial assets, net	4	(5,125)	(37,573)
Other income and gains, net	5	<u>11,207</u>	<u>2,844</u>
Operating profit/(loss)		26,920	(33,952)
Finance costs	6	(9,529)	(3,624)
Share of net loss of associates accounted for using the equity method		<u>(2,052)</u>	<u>–</u>
Profit/(loss) before income tax	7	15,339	(37,576)
Income tax (expense)/credit	8	<u>(5,597)</u>	<u>2,859</u>
Profit/(loss) for the year		<u>9,742</u>	<u>(34,717)</u>
Attributable to:			
Owners of the Company		5,607	(34,717)
Non-controlling interests		<u>4,135</u>	<u>–</u>
		<u>9,742</u>	<u>(34,717)</u>
Earnings/(loss) per share attributable to equity holders of the Company			
Basic	9	HK0.13 cent	HK(0.81) cent
Diluted	9	HK0.13 cent	HK(0.81) cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Profit/(loss) for the year	9,742	(34,717)
Other comprehensive expense		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>(828)</u>	<u>(82)</u>
Total comprehensive income/(expense) for the year	<u>8,914</u>	<u>(34,799)</u>
Attributable to:		
Owners of the Company	4,779	(34,799)
Non-controlling interests	<u>4,135</u>	<u>–</u>
	<u>8,914</u>	<u>(34,799)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		As at 31 March	
		2020	2019
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	276,293	287,763
Intangible assets		53,254	54,495
Interests in associates		7,762	30,000
Deposits, prepayments and other receivables	13	691	915
Deferred tax assets		7,378	8,292
		<u>345,378</u>	<u>381,465</u>
		-----	-----
Current assets			
Inventories		60,884	–
Loan receivables	12	179,447	15,204
Account receivables	13	282,976	193,004
Deposits, prepayments and other receivables	13	19,581	2,364
Financial assets at fair value through profit or loss		285	786
Income tax recoverable		1,047	1,552
Bank balances held on behalf of clients		13,741	17,837
Pledged bank deposits		40,915	–
Cash and cash equivalents		117,682	201,704
		<u>716,558</u>	<u>432,451</u>
		-----	-----
Total assets		<u>1,061,936</u>	<u>813,916</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2020

		As at 31 March	
		2020	2019
	Note	HK\$'000	HK\$'000
EQUITY			
Share capital	14	3,654	3,654
Other reserves		537,631	574,549
Retained earnings		77,681	57,119
		<hr/>	<hr/>
Total equity attributable to equity owners of the Company		618,966	635,322
Non-controlling interests		7,957	–
		<hr/>	<hr/>
Total equity		626,923	635,322
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		840	310
		<hr/>	<hr/>
		840	310
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Account payables	15	83,616	17,834
Other payables and accrued expenses	15	1,725	2,452
Contract liabilities		1,197	358
Bank borrowings	16	342,754	156,513
Income tax payables		4,881	1,127
		<hr/>	<hr/>
		434,173	178,284
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		435,013	178,594
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total equity and liabilities		1,061,936	813,916
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Net current assets		282,385	254,167
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total assets less current liabilities		627,763	635,632
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to equity holders of the Company												
	Other reserves								Sub total	Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Employee share-based compensation reserve	Shares held for share award scheme	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve					
HK\$'000	HK\$'000	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 2020													
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	-	635,322
Profit for the year	-	-	-	-	-	-	-	-	-	5,607	5,607	4,135	9,742
Other comprehensive expense													
Currency translation differences	-	-	-	-	-	-	-	(828)	(828)	-	(828)	-	(828)
Total comprehensive income/ (expense) for the year	-	-	-	-	-	-	-	(828)	(828)	5,607	4,779	4,135	8,914
Employee share option scheme - forfeiture of employee share options	-	-	(14,955)	-	-	-	-	-	(14,955)	14,955	-	-	-
Disposal of interests in a subsidiary without losing control	-	-	-	-	-	-	-	-	-	-	-	3,822	3,822
Purchase of shares under share award scheme	-	-	-	(21,135)	-	-	-	-	(21,135)	-	(21,135)	-	(21,135)
Balance at 31 March 2020	<u>3,654</u>	<u>502,332</u>	<u>-</u>	<u>(21,630)</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>3,033</u>	<u>537,631</u>	<u>77,681</u>	<u>618,966</u>	<u>7,957</u>	<u>626,923</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2020

		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 <i>Note (a)</i>	Capital reserve <i>Note (b)</i>	Statutory reserve <i>Note (c)</i>	Exchange reserve	Sub total	Retained earnings	Total
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 March 2019												
		3,408	354,518	22,882	–	50,374	2,480	1,042	3,943	435,239	100,394	539,041
		–	–	–	–	–	–	–	–	–	(2,304)	(2,304)
		–	–	–	–	–	–	–	–	–	(13,017)	(13,017)
		3,408	354,518	22,882	–	50,374	2,480	1,042	3,943	435,239	85,073	523,720
		–	–	–	–	–	–	–	–	–	(34,717)	(34,717)
		–	–	–	–	–	–	–	(82)	(82)	–	(82)
		–	–	–	–	–	–	–	(82)	(82)	(34,717)	(34,799)
		–	–	–	–	–	–	–	(82)	(82)	(34,717)	(34,799)
	<i>14</i>	250	150,005	–	–	–	–	–	–	150,005	–	150,255
	<i>14</i>	(4)	(2,191)	–	–	–	–	–	–	(2,191)	–	(2,195)
		–	–	1,541	–	–	–	–	–	1,541	–	1,541
		–	–	(9,468)	–	–	–	–	–	(9,468)	6,763	(2,705)
		–	–	–	(495)	–	–	–	–	(495)	–	(495)
		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 2020

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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) computer and peripheral products business and (ii) financial services 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.

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

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

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

2.2 HKFRS 16 LEASES

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

2.2 HKFRS 16 Leases (Continued)

As a lessee (Continued)

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019

	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	1,895
Less: Commitments relating to short-term leases with a remaining lease terms ended on or before 31 March 2020	<u>(1,895)</u>
Lease liabilities as at 1 April 2019	<u><u>–</u></u>

The Group did not have right-of-use assets as at 1 April 2019.

2.3 New and Amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 16	COVID-19 Related Rent Concessions ⁵
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual period beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework* in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Revenue from contracts with customers (Note i)	905,045	831,727
Revenue from other sources		
<i>Interest income calculated using the effective interest method from:</i>		
– loan receivables	12,113	4,906
– cash client receivables	16,480	7,919
	28,593	12,825
Total revenue	933,638	844,552

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

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Type of goods or services		
Sales of goods	904,005	809,978
Service income		
– Provision of IPO sponsor services	–	17,932
– Provision of financial advisory services	–	962
– Provision of underwriting and placing services	86	2,442
	86	21,336
Commission income		
– Provision of securities brokerage services	954	413
	905,045	831,727

Revenue from sales of goods of HK\$358,000 for the year ended 31 March 2020 and service income for provision of IPO sponsor services of HK\$11,678,000 for year ended 31 March 2019 respectively, was included in contract liabilities at the beginning of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (*CONTINUED*)

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 2020, the Group has changed the structure of its internal organisation in a manner that changes the compositions of its reportable segments by combining financial services business and money lending business. The CODM considers that the Group has two operating and reporting segments which are (i) computer and peripheral products business and (ii) financial services business (including money lending business, corporate finance advisory business and securities brokerage business). As a result, the corresponding information for the year ended 31 March 2019 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, inventories, account receivables, loan receivables, allocated deposits, prepayments and other receivables where appropriate, financial assets at fair value through profit or loss, pledged bank deposits, cash and cash equivalents where appropriate and bank balances held on behalf of clients. They exclude interests in associates, property, plant and equipment, deferred tax assets, income tax recoverable and other unallocated assets, which are managed centrally.

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

	For the year ended 31 March 2020		
	Computer and peripheral products business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	904,005	29,633	933,638
Cost of sales from external customers	<u>(867,481)</u>	<u>–</u>	<u>(867,481)</u>
	36,524	29,633	66,157
Selling expenses	(770)	–	(770)
General and administrative expenses	(12,587)	(9,797)	(22,384)
Expected credit loss on financial assets, net	513	(5,638)	(5,125)
Other income and gains, net	10,748	168	10,916
Finance costs	<u>(6,665)</u>	<u>–</u>	<u>(6,665)</u>
Adjusted operating profit	<u>27,763</u>	<u>14,366</u>	42,129
Share of net loss of associates accounted for using the equity method			(2,052)
Unallocated expenses			<u>(24,738)</u>
Profit before income tax			15,339
Income tax expense			<u>(5,597)</u>
Profit for the year			<u>9,742</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

	For the year ended 31 March 2019 (restated)		
	Computer and peripheral products business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	809,978	34,574	844,552
Cost of sales from external customers	<u>(788,222)</u>	<u>–</u>	<u>(788,222)</u>
	21,756	34,574	56,330
Selling expenses	(485)	–	(485)
General and administrative expenses	(11,521)	(23,176)	(34,697)
Expected credit loss on financial assets, net	(99)	(37,474)	(37,573)
Other income and gains, net	352	1,762	2,114
Finance costs	<u>(1,278)</u>	<u>–</u>	<u>(1,278)</u>
Adjusted operating profit/(loss)	<u>8,725</u>	<u>(24,314)</u>	(15,589)
Unallocated expenses			<u>(21,987)</u>
Loss before income tax			(37,576)
Income tax credit			<u>2,859</u>
Loss for the year			<u><u>(34,717)</u></u>

Interest revenue of HK\$28,593,000 (2019: HK\$12,825,000) was included in revenue from external customers, wholly contributed by financial services business segment.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

The following table presents segment assets and segment liabilities.

31 March 2020

	Computer and peripheral products business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>317,823</u>	<u>457,219</u>	<u>775,042</u>
Segment liabilities	<u>333,011</u>	<u>14,059</u>	<u>347,070</u>
Capital expenditure	<u>171</u>	<u>8</u>	<u>179</u>

31 March 2019 (restated)

	Computer and peripheral products business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>284,420</u>	<u>197,687</u>	<u>482,107</u>
Segment liabilities	<u>73,915</u>	<u>18,212</u>	<u>92,127</u>
Capital expenditure	<u>12,089</u>	<u>79</u>	<u>12,168</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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	
	2020	2019
	HK\$'000	HK\$'000
Segment assets	775,042	482,107
Cash and cash equivalents	4,357	15,569
Property, plant and equipment	265,514	275,378
Deposits, prepayments and other receivables	836	1,018
Deferred tax assets	7,378	8,292
Interests in associates	7,762	30,000
Income tax recoverable	1,047	1,552
	<hr/>	<hr/>
Total assets	1,061,936	813,916
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	347,070	92,127
Deferred tax liabilities	840	310
Income tax payables	4,881	1,127
Bank borrowings	82,014	84,610
Other unallocated liabilities	208	420
	<hr/>	<hr/>
Total liabilities	435,013	178,594
	<hr/> <hr/>	<hr/> <hr/>

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	
	2020	2019
	HK\$'000	HK\$'000
Revenue from top five customers	870,769	810,059
Total revenue	933,638	844,552
Percentage	93%	96%
	<hr/> <hr/>	<hr/> <hr/>
Number of customers that individually accounted for more than 10% of the Group's revenue	4	2
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 March 2020, there were four customers that individually accounted for approximately 45%, 23%, 12% and 12% (2019: two customers – approximately 81% and 13%) of the Group's revenue respectively. These customers belong to the Group's computer and peripheral products business.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

The Group's total non-current assets (excluding deferred tax assets) are located in the following regions:

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
Hong Kong	329,138	371,831
The PRC	8,862	1,342
	<u>338,000</u>	<u>373,173</u>

4. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Loan receivables (Note 12)	987	6,780
Cash client receivables (Note 13)	4,602	30,208
Trade receivables (Note 13)	(513)	99
Account receivables arising from provision of corporate finance advisory services (Note 13)	–	(23)
Interest receivables (Note 13)	49	509
	<u>5,125</u>	<u>37,573</u>

5. OTHER INCOME AND GAINS, NET

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Finance income	9,710	944
Exchange gains	933	125
Gain on disposal of interests of an associate	2	–
(Loss)/gain on disposal of property, plant and equipment	(108)	62
Realised loss on disposal of equity investments at fair value through profit or loss	(52)	–
Unrealised loss on the change in fair value of equity investments at fair value through profit or loss	(501)	(1,022)
Handling fee income	746	1,056
Write-off of other payables	236	–
Others	241	1,679
	<u>11,207</u>	<u>2,844</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

6. FINANCE COSTS

	Year ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
– Interest expense on bank borrowings	<u>9,529</u>	<u>3,624</u>

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

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

	Year ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	16,162	21,687
Post-employment benefits (<i>Note</i>)	457	558
Others	<u>10</u>	<u>81</u>
	16,629	22,326
Reversal of equity-settled share option expenses	<u>–</u>	<u>(1,164)</u>
	<u>16,629</u>	<u>21,162</u>

Note: These mainly represent:

- (i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK\$1,500 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations.
- (ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

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

(b) Other items

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Cost of inventories sold	867,359	788,222
Write-off of inventories	–	444
Auditor's remuneration	1,202	1,456
Depreciation of property, plant and equipment	11,755	10,702
Amortisation of intangible assets	1,241	1,241
Legal and professional fees	3,273	2,234
Employee benefit expenses (Note 7(a))	16,629	22,326
Reversal of equity-settled share option expenses	–	(1,164)
Operating lease rentals of premises	–	3,104
Short-term lease rentals of premises	2,310	–
Utilities expenses	102	142
Building management fees	1,683	1,641
Service fees for broker supplied systems	1,357	1,329
Impairment of goodwill	–	4,641
Impairment of inventories	122	–
Write-off of account receivables arising from provision of corporate finance advisory services (Note 13)	–	2,244
	<u> </u>	<u> </u>

8. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	5,247	1,290
Over-provision in prior year	(1,094)	(2)
Deferred income tax	<u>1,444</u>	<u>(4,147)</u>
	<u>5,597</u>	<u>(2,859)</u>

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% (2019: 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% (2019: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

9. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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	
	2020	2019
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	<u>5,607</u>	<u>(34,717)</u>
Weighted average number of ordinary shares in issue	<u>4,352,533,475</u>	<u>4,288,211,573</u>
Basic earnings/(loss) per share	<u>HK0.13 cent</u>	<u>HK(0.81) cent</u>

(b) Diluted

Diluted earnings/(loss) 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 no (2019: one) category of dilutive potential ordinary share (2019: 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 earnings/(loss) per share for the year ended 31 March 2020 and 2019 was the same as the basic earnings/(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 earnings/(loss) per share.

10. DIVIDENDS

No final dividend for the years ended 31 March 2020 and 2019 was proposed.

11. PROPERTY, PLANT AND EQUIPMENT

During the year, there was additions of approximately HK\$464,000 for property, plant and equipment (2019: approximately HK\$254,019,000).

Also, during the year, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK\$113,000 (2019: HK\$108,000) which resulting in a loss on disposal of HK\$108,000 (2019: gain of HK\$62,000).

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

12. LOAN RECEIVABLES

	As at 31 March	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loan receivables	187,530	22,300
Less: Impairment		
– Stage 1	(1,083)	(96)
– Stage 2	–	–
– Stage 3	(7,000)	(7,000)
	<u>179,447</u>	<u>15,204</u>

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

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

	As at 31 March	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – within one year	<u>179,447</u>	<u>15,204</u>

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	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Not past due	<u>179,447</u>	<u>15,204</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

12. LOAN RECEIVABLES (CONTINUED)

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2020 and 2019 by the past due date and year end classification:

As at 31 March 2020	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Not past due	180,530	–	–	180,530
Past due over 90 days	–	–	7,000	7,000
	180,530	–	7,000	187,530
As at 31 March 2019	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2019	96	–	7,000	7,096
Additions	987	–	–	987
As at 31 March 2020	1,083	–	7,000	8,083
Expected credit loss rate	0.60%	N/A	100.00%	4.31%

The increase in the impairment allowance during the year ended 31 March 2020 was because of the increase in gross loan receivables of HK\$165,230,000.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

12. LOAN RECEIVABLES (CONTINUED)

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

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 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)
	<u>96</u>	<u>–</u>	<u>7,000</u>	<u>7,096</u>
As at 31 March 2019	<u>96</u>	<u>–</u>	<u>7,000</u>	<u>7,096</u>
Expected credit loss rate	<u>0.63%</u>	<u>N/A</u>	<u>100.00%</u>	<u>31.82%</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		As at 31 March	
	Notes	2020 HK\$'000	2019 HK\$'000
Non-current			
Account receivables arising from provision of corporate finance advisory services	(c)	–	–
Prepayment for leasehold improvements	(c)	–	227
Other non-current deposits	(c)	486	483
Other assets	(c)	205	205
		<u>691</u>	<u>915</u>
Total account receivables, deposits, prepayments and other receivables presented as non-current assets			
Current			
Trade receivables	(b)	98,450	123,227
Cash client receivables	(a)	219,503	101,721
Due from clearing house	(c)	1,819	763
		<u>319,772</u>	<u>225,711</u>
Less: Impairment		<u>(36,796)</u>	<u>(32,707)</u>
Total account receivables presented as current assets			
		<u>282,976</u>	<u>193,004</u>
Prepayments		691	872
Deposits and other receivables	(c)	10,295	861
Interest receivables	(c)	9,173	1,160
		<u>20,159</u>	<u>2,893</u>
Less: Impairment		<u>(578)</u>	<u>(529)</u>
Total deposits, prepayments and other receivables presented as current assets			
		<u>19,581</u>	<u>2,364</u>
Total account receivables, deposits, prepayments and other receivables			
		<u>303,248</u>	<u>196,283</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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	
	2020 HK\$'000	2019 HK\$'000
HK\$	195,551	73,217
RMB	74	307
US\$	107,623	122,759
	<u>303,248</u>	<u>196,283</u>

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	
	2020 HK\$'000	2019 HK\$'000
Cash client receivables	219,503	101,721
Less: Impairment		
– Stage 1	(77)	(22)
– Stage 2	(658)	–
– Stage 3	(35,793)	(31,904)
	<u>182,975</u>	<u>69,795</u>

- (i) At 31 March 2020, the Group held securities with an aggregate fair value of HK\$434,380,000 (2019: HK\$314,794,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

**13. 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 2020 and 2019 by Loan-to-collateral value (“LTV”) and year end classification:

As at 31 March 2020	12-month expected credit losses	Lifetime expected credit losses		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
LTV at 100% or above	–	70,930	44,257	115,187
LTV less than 100%	104,316	–	–	104,316
	<u>104,316</u>	<u>70,930</u>	<u>44,257</u>	<u>219,503</u>
As at 31 March 2019	12-month expected credit losses	Lifetime expected credit losses		Total
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	HK\$'000
LTV at 100% or above	–	–	42,885	42,885
LTV less than 100%	58,836	–	–	58,836
	<u>58,836</u>	<u>–</u>	<u>42,885</u>	<u>101,721</u>

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK\$9,959,000 (2019: HK\$15,688,000).

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

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2019	22	–	31,904	31,926
Additions	55	658	3,889	4,602
As at 31 March 2020	<u>77</u>	<u>658</u>	<u>35,793</u>	<u>36,528</u>
Expected credit loss rate	<u>0.07%</u>	<u>0.93%</u>	<u>80.88%</u>	<u>16.64%</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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 2020:

- Increase in gross cash client receivables of HK\$117,782,000, which was included origination of new client receivables and new drawdown from existing clients.

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total 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
	<u>22</u>	<u>–</u>	<u>31,904</u>	<u>31,926</u>
As at 31 March 2019	<u>22</u>	<u>–</u>	<u>31,904</u>	<u>31,926</u>
Expected credit loss rate	<u>0.04%</u>	<u>N/A</u>	<u>74.39%</u>	<u>31.39%</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) Analysis of trade receivables

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

	As at 31 March	
	2020 HK\$'000	2019 HK\$'000
Trade receivables	98,450	123,227
Less: Impairment	(268)	(781)
	<u>98,182</u>	<u>122,446</u>

- (i) The Group grants credit period ranging from 1 day to 60 days (2019: 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	
	2020 HK\$'000	2019 HK\$'000
1 – 30 days	11,084	62,386
31 – 60 days	40,369	60,841
61 – 90 days	31,624	–
Over 90 days	15,373	–
	<u>98,450</u>	<u>123,227</u>

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

	As at 31 March	
	2020 HK\$'000	2019 HK\$'000
At beginning of year	781	–
Effect of adoption of HKFRS 9	–	682
	<u>781</u>	<u>682</u>
At beginning of year (restated)	781	682
(Reversal of)/impairment losses, net	(513)	99
	<u>268</u>	<u>781</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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)

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.

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 2020

	Not past due	Past due less than 1 month	Total
Expected credit loss rate	0.17%	0.60%	0.27%
Gross carrying amount (HK\$'000)	74,474	23,976	98,450
Expected credit losses (HK\$'000)	126	142	268

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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:

	Notes	As at 31 March	
		2020 HK\$'000	2019 HK\$'000
Account receivables arising from provision of corporate finance advisory services	(1)	–	–
Prepayment for leasehold improvements		–	227
Other non-current deposits		486	483
Other assets	(2)	205	205
Due from clearing house	(3)	1,819	763
Deposits and other receivables	(4)	10,295	861
		<u>12,805</u>	<u>2,539</u>
Interest receivables	(5)	9,173	1,160
Less: Impairment	(5)	(578)	(529)
		<u>8,595</u>	<u>631</u>
Total		<u>21,400</u>	<u>3,170</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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	
	2020	2019
	HK\$'000	HK\$'000
At beginning of year	–	4,878
Effect of adoption of HKFRS 15	–	(1,339)
	<u>–</u>	<u>(1,339)</u>
At beginning of year (restated)	–	3,539
Net changes during the year	–	(1,295)
Written off	–	(2,244)
	<u>–</u>	<u>(2,244)</u>
At end of year	<u>–</u>	<u>–</u>

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 amount 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	
	2020	2019
	HK\$'000	HK\$'000
At beginning of year	–	–
Effect of adoption of HKFRS 9	–	23
	<u>–</u>	<u>23</u>
At beginning of year (restated)	–	23
Written off	–	(23)
	<u>–</u>	<u>(23)</u>
At end of year	<u>–</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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 other assets

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

	As at 31 March	
	2020	2019
	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
	205	205

As at 31 March 2020 and 2019, all other assets were not past due.

(3) 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 2020 and 2019, the amount due from clearing house was not past due.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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 deposits and 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 2020 and 2019, all other receivables were not past due.

(5) *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	
	2020 HK\$'000	2019 HK\$'000
Not past due	8,595	631

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2020 and 2019 by the past due date and year end classification:

As at 31 March 2020

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Not past due	8,648	–	–	8,648
Past due over 90 days	–	–	525	525
	8,648	–	525	9,173

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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)

(5) Analysis of interest receivables (Continued)

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2020 and 2019 by the past due date and year end classification: (Continued)

As at 31 March 2019

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Not past due	635	–	–	635
Past due over 90 days	–	–	525	525
	<u>635</u>	<u>–</u>	<u>525</u>	<u>1,160</u>

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

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2019	4	–	525	529
Additions	49	–	–	49
	<u>53</u>	<u>–</u>	<u>525</u>	<u>578</u>
As at 31 March 2020	<u>53</u>	<u>–</u>	<u>525</u>	<u>578</u>
Expected credit loss rate	<u>0.61%</u>	<u>N/A</u>	<u>100.00%</u>	<u>6.30%</u>

The increase in the impairment allowance during the year ended 31 March 2020 was because of the increase in gross loan receivables of HK\$165,230,000, resulting in an increase in relevant gross interest receivables of HK\$8,013,000.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13. 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)

(5) Analysis of interest receivables (Continued)

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

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total 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)
	<u>4</u>	<u>–</u>	<u>525</u>	<u>529</u>
As at 31 March 2019	<u>4</u>	<u>–</u>	<u>525</u>	<u>529</u>
Expected credit loss rate	<u>0.63%</u>	<u>N/A</u>	<u>100.00%</u>	<u>45.60%</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14. SHARE CAPITAL

Authorised shares:

As at 31 March 2020, the total authorised number of ordinary shares is 96,000 million shares (2019: 96,000 million shares) with a par value of HK\$0.0008333 per share (2019: HK\$0.0008333 per share).

Issued shares:

	Number of shares '000	Share capital HK\$'000
As at 1 April 2018	4,089,492	3,408
Issue of new shares through placing (<i>Note a</i>)	300,510	250
Share repurchased and cancelled (<i>Note b</i>)	(5,220)	(4)
	<hr/>	<hr/>
As at 31 March 2019, 1 April 2019 and 31 March 2020	<u>4,384,782</u>	<u>3,654</u>

Notes:

- (a) 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.
- (b) During the year ended 31 March 2019, the Company repurchased 5,220,000 ordinary shares at aggregate consideration (including expenses) of HK\$2,195,000 through the Stock Exchange.

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 2020, no share was repurchased by the Company through the Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2020 HK\$'000	2019 HK\$'000
Trade payables	69,932	–
Cash client payables (<i>Note a</i>)	13,591	17,834
Due to clearing house (<i>Note b</i>)	93	–
	<hr/>	<hr/>
Total account payables	83,616	17,834
	<hr/>	<hr/>
Other payables and accrued expenses		
Accrued expenses	1,651	2,386
Other payables	74	66
	<hr/>	<hr/>
Total other payables and accrued expenses	1,725	2,452
	<hr/>	<hr/>
Total account payables, other payables and accrued expenses	<u>85,341</u>	<u>20,286</u>

Notes:

- (a) The settlement terms of payables arising from securities business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.
- (b) In presenting the amounts due to HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC. 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	
	2020 HK\$'000	2019 HK\$'000
HK\$	15,362	19,966
RMB	47	320
US\$	69,932	–
	<hr/>	<hr/>
	<u>85,341</u>	<u>20,286</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. BANK BORROWINGS

	As at 31 March	
	2020	2019
	HK\$'000	<i>HK\$'000</i>
Variable-rate bank borrowings:		
– Secured	313,109	138,707
– Unsecured	29,645	17,806
	<u>342,754</u>	<u>156,513</u>
Analysed for reporting purposes:		
– Current liabilities	<u>342,754</u>	<u>156,513</u>

As at 31 March 2020, the Group's bank borrowings of HK\$232,953,000 (2019: HK\$138,707,000) are secured by mortgage over the Group's owned properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK\$263,772,000 (2019: HK\$273,216,000). Besides that, the Group's bank borrowings of HK\$80,156,000 are secured by pledged bank deposits of HK\$40,915,000.

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.

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

	As at 31 March	
	2020	2019
	HK\$'000	<i>HK\$'000</i>
Within one year	233,708	42,756
Between one and two years	5,061	4,950
Between two and five years	16,128	15,733
Over five years	87,857	93,074
	<u>342,754</u>	<u>156,513</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. BANK BORROWINGS (CONTINUED)

The Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (2019: same).

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

	As at 31 March	
	2020 HK\$'000	2019 HK\$'000
HK\$	276,689	148,710
US\$	66,065	7,803
	<u>342,754</u>	<u>156,513</u>

17. 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	
	2020 HK\$'000	2019 HK\$'000
Not later than 1 year	<u>-</u>	<u>1,895</u>

(b) Capital commitments

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

	Year ended 31 March	
	2020 HK\$'000	2019 HK\$'000
Contracted, but not provided for:		
Interests in associates	-	10,000
Leasehold improvements	1,606	1,833
Office equipment	32	80
	<u>1,638</u>	<u>11,913</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

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

(i) Computer and peripheral products business

During the year under review, the global market has been sluggish and volatile due to the ongoing China-U.S. trade war, the outbreak of novel coronavirus (“COVID-19”) and the global economic slowdown. 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. The industry was challenging and the overall market competition was intensive during the year under review. 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 well-established relationship with vendors, customers, business, network and competent management team enable the Group to overcome these challenges. 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\$810.0 million to approximately HK\$904.0 million, representing an increment of approximately 11.6%. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group also managed to further enhance its long term and close business relationships with suppliers and customers. The Group continues to monitor the market trends and takes prompt and appropriate actions to adjust our business strategies and allocates resources effectively under different market conditions.

(ii) Financial services business

The financial services business segment that the Group operates mainly includes securities brokerage business, advisory services business and money lending business. For the year ended 31 March 2020, the Group recorded an overall revenue of approximately HK\$29.6 million (2019: approximately HK\$34.6 million) and an operating profit of approximately HK\$14.4 million (2019: operating loss of approximately HK\$24.3 million) for the business segment of financial services business.

The global economic and financial market continued to fluctuate and the China's economic slowdown which brought uncertainties to the overall business environment. During the year under review, the Group recorded a revenue of approximately HK\$17.5 million (2019: approximately HK\$10.8 million) and an operating profit of approximately HK\$6.1 million (2019: operating loss of approximately HK\$25.8 million) respectively in respect of the Group's securities brokerage business. The revenue as at 31 March 2020 was nil (2019: approximately HK\$18.9 million) and the Group recorded an operating loss of approximately HK\$2.4 million (2019: operating profit of approximately HK\$4.3 million) respectively in respect of the Group's advisory services business.

During the year under review, 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 engaged in money lending business through an indirect wholly-owned subsidiary of the Company, which holds a money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. The Group recorded a revenue of approximately HK\$12.1 million (2019: approximately HK\$4.9 million) and an operating profit of approximately HK\$10.7 million (2019: operating loss of approximately HK\$2.8 million) in respect of the Group's money lending business.

LOOKING AHEAD

The outbreak of COVID-19 epidemic in January 2020 has buffeted global economy. However, as most countries around the world have introduced measures to stimulate economic growth after the COVID-19 outbreak. The Group will continue to closely monitor the development of COVID-19 on the industries the Group operates in, and plan proactively to its impact on the financial position and operating results of the Group.

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

FINANCIAL REVIEW

Revenue and Gross Profit Margin

Revenue by business segments for the Group's revenue for the year ended 31 March 2020 is as follows:

- Computer and peripheral products business: approximately HK\$904.0 million, being an increase of approximately HK\$94.0 million when compared to the previous year of approximately HK\$810.0 million
- Financial services business (including corporate finance advisory business, securities brokerage business and money lending business): approximately HK\$29.6 million, being an decrease of approximately HK\$5.0 million when compared to the previous year of approximately HK\$34.6 million

The Group's total revenue for the year was approximately HK\$933.6 million, being an increase of approximately HK\$89.0 million when compared to the previous year of approximately HK\$844.6 million. The increase was mainly attributable to increase in revenue derived from computer and peripheral products business, which was partially offset by the revenue contribution from financial services business.

Gross profit margin for the year was approximately 7.1% (2019: approximately 6.7%). Increase in gross profit margin was mainly caused by stable gross profit margin earned from computer and peripheral products for the year.

Selling Expenses

The increase in selling expenses by approximately HK\$0.2 million was mainly due to the increase in employee benefit expenses.

General and Administrative Expenses

General and administrative expenses for the year decreased by approximately HK\$10.5 million from the Last Corresponding Year, which was mainly due to the decrease in employee benefit expenses of approximately HK\$5.7 million and impairment of goodwill of approximately HK\$4.6 million.

Expected Credit Loss on Financial Assets

The decrease in expected credit loss on financial assets by approximately HK\$32.4 million was mainly attributable to decrease in expected credit loss incurred from cash client receivables.

Other Income and Gains, Net

The Group's other income and gains for the year was approximately HK\$11.2 million, being an increase of approximately HK\$8.4 million when compared to the previous year of approximately HK\$2.8 million. The increase was mainly due to the increase in interest income during the year.

Finance Costs

Finance costs for the year was approximately HK\$9.5 million, being an increase of approximately HK\$5.9 million when compared to the previous year of approximately HK\$3.6 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 (Expense)/Credit

Income tax expense for the year was approximately HK\$5.6 million (2019: income tax credit of approximately HK\$2.9 million). The change was mainly due to the increase in the assessable profits and decrease in deferred income tax assets for the year.

Profit/(Loss) for the Year

Profit for the year increased to HK\$9.7 million from loss of HK\$34.7 million for the Last Corresponding Year.

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

The profit for the year attributed to equity holders of the Company amounted to approximately HK\$5.6 million (2019: loss attributable to equity holders of the Company of approximately HK\$34.7 million), resulted in a basic earning per share for the year of HK0.13 cent (2019: basic loss per share HK0.81 cent) and diluted earning per share for the year of HK0.13 cent (2019: diluted loss per share HK0.81 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 2020 was approximately HK\$60.9 million (31 March 2019: nil). The overall inventories turnover days remained healthy and reasonable for the year under review.

As at 31 March 2020, the Group's loan receivables amounted to HK\$179.4 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\$1.0 million was incurred for the year ended 31 March 2020.

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\$90.0 million, from approximately HK\$193.0 million as at 31 March 2019 to approximately HK\$283.0 million as at 31 March 2020. The Group recorded a reversal of expected credit loss on trade receivables of approximately HK\$0.5 million and recorded an expected credit loss on cash client receivables of approximately HK\$4.6 million respectively for the year ended 31 March 2020.

Liquidity, Financial Resources, Working Capital and Treasury Policy

The Group maintained a solid financial position during the year. As at 31 March 2020, cash and cash equivalents of the Group amounted to approximately HK\$117.7 million (31 March 2019: approximately HK\$201.7 million), and the Group's net assets amounted to approximately HK\$626.9 million (31 March 2019: approximately HK\$635.3 million). As at 31 March 2020, there was approximately HK\$342.8 million outstanding bank borrowings balance (31 March 2019: approximately HK\$156.5 million).

As at 31 March 2020, non-current assets of the Group amounted to approximately HK\$345.4 million (31 March 2019: approximately HK\$381.5 million), the Group's current assets amounted to approximately HK\$716.6 million (31 March 2019: approximately HK\$432.5 million), and net current assets as at 31 March 2020 amounted to approximately HK\$282.4 million (31 March 2019: approximately HK\$254.2 million). As at 31 March 2020, the current ratio was approximately 1.7 (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 sufficient to support its business operations.

Capital Structure and Fund Raising Activities

The capital of the Company comprises only ordinary shares.

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

As at 31 March 2020 and 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 17(b) to the consolidated financial information in this announcement, the Group had no other capital commitments as at 31 March 2020.

Pledge of Assets

As at 31 March 2020, the Group has pledged the properties with carrying values of approximately HK\$263.8 million (31 March 2019: approximately HK\$273.2 million) to secure general banking facilities granted to the Group.

As at 31 March 2020, the Group's bank borrowings of HK\$80.2 million are secured by pledged bank deposits of HK\$40.9 million.

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\$0.9 million (2019: 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 2020 and 2019.

Employees and Emolument Policy

As at 31 March 2020, the Group had a total of 35 employees. Employee benefit expenses and share option expenses, including Directors' remuneration for the year ended 31 March 2020, totally amounted to approximately HK\$16.6 million (2019: approximately HK\$21.2 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 2020.

Events after the reporting period

From late January 2020, the outbreak of COVID-19 was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. During the year ended 31 March 2020, the COVID-19 outbreak had no material impacts on the financial performance of the Group.

Given the unpredictability of future development of COVID-19, the impacts to the Group cannot be reliably quantified or estimated at the date of this announcement. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the consolidated financial statements and operation results.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2020, none of the Directors, controlling shareholders of the Company or any of their respective associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings according to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2020.

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

During the Current Year, 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 41,484,000 ordinary shares of the Company at a total consideration of approximately HK\$21,135,000. 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 2020, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except in relation to CG Code provisions A.2.1, as more particularly described below.

CG Code provision A.2.1

Code provision A.2.1 stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. 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.

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 2020 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 2020 have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement. The Audit Committee has reviewed the annual results for the year ended 31 March 2020.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 27 August 2020. 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 Monday, 24 August 2020 to Thursday, 27 August 2020 (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 21 August 2020.

PUBLICATION OF THE ANNUAL RESULTS AND 2020 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 2020 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, 22 June 2020

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