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華邦科技控股有限公司

HUABANG TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3638)

**INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2021**

The board of Directors (the “Board”) of Huabang Technology Holdings Limited (the “Company”) is pleased to announce the following unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2021 (“Current Period”) together with the unaudited comparative figures for the corresponding periods in 2020 (“Last Corresponding Period”) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

		Unaudited	
		Six months	
		ended 30 September	
		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	1,242,516	427,398
Cost of sales		<u>(1,216,712)</u>	<u>(394,801)</u>
Gross profit		25,804	32,597
Selling expenses		(346)	(585)
General and administrative expenses		(30,581)	(20,040)
Expected credit loss on financial assets, net	5	(69,618)	(4,480)
Other income and gains, net		<u>1,084</u>	<u>1,963</u>
Operating (loss)/profit		(73,657)	9,455
Finance costs	6	(3,385)	(4,169)
Share of net loss of associates accounted for using equity method		<u>—</u>	<u>(1,468)</u>
(Loss)/profit before income tax	7	(77,042)	3,818
Income tax credit/(expense)	8	<u>10,318</u>	<u>(1,572)</u>
(Loss)/profit for the period		<u>(66,724)</u>	<u>2,246</u>
Attributable to:			
Owners of the Company		(68,210)	1,473
Non-controlling interests		<u>1,486</u>	<u>773</u>
		<u>(66,724)</u>	<u>2,246</u>
(Loss)/earnings per share attributable to owners of the Company			
Basic	9	HK(1.57) cent	HK0.03 cent
Diluted	9	HK(1.57) cent	HK0.03 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Unaudited Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
(Loss)/profit for the period	(66,724)	2,246
Other comprehensive income		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>120</u>	<u>244</u>
Total comprehensive (expense)/income for the period	<u>(66,604)</u>	<u>2,490</u>
Attributable to:		
Owners of the Company	(68,090)	1,717
Non-controlling interests	<u>1,486</u>	<u>773</u>
	<u>(66,604)</u>	<u>2,490</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	11	260,125	265,831
Intangible assets	11	43,169	52,126
Deposits, prepayments and other receivables	14	672	691
Deferred tax assets		<u>34,683</u>	<u>22,887</u>
		<u>338,649</u>	<u>341,535</u>
Current assets			
Inventories		37,098	13,690
Loan receivables	12	180,218	180,585
Account receivables	13	126,341	226,279
Deposits, prepayments and other receivables	14	46,321	34,751
Financial assets at fair value through profit or loss		932	12,263
Income tax recoverable		2,917	2,084
Bank balances held on behalf of clients		11,778	15,089
Pledged bank deposits		41,552	41,427
Cash and cash equivalents		<u>87,872</u>	<u>68,286</u>
		<u>535,029</u>	<u>594,454</u>
Total assets		<u><u>873,678</u></u>	<u><u>935,989</u></u>
EQUITY			
Share capital	17	3,654	3,654
Other reserves		538,652	538,532
Accumulated losses		<u>(83,637)</u>	<u>(15,427)</u>
Total equity attributable to owners of the Company		458,669	526,759
Non-controlling interests		<u>8,603</u>	<u>7,117</u>
Total equity		<u><u>467,272</u></u>	<u><u>533,876</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2021

		Unaudited	Audited
		30 September	31 March
		2021	2021
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>182</u>	<u>163</u>
		<u>182</u>	<u>163</u>
Current liabilities			
Account payables	<i>15</i>	47,161	40,035
Other payables and accrued expenses	<i>15</i>	2,039	4,815
Contract liabilities		10,837	2,917
Borrowings	<i>16</i>	338,831	346,759
Income tax payables		<u>7,356</u>	<u>7,424</u>
		<u>406,224</u>	<u>401,950</u>
Total liabilities		<u>406,406</u>	<u>402,113</u>
Total equity and liabilities		<u>873,678</u>	<u>935,989</u>
Net current assets		<u>128,805</u>	<u>192,504</u>
Total assets less current liabilities		<u>467,454</u>	<u>534,039</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Unaudited Attributable to owners of the Company											
	Other reserves					Exchange reserve	Shares held for share award scheme	Sub total	(Accumulated losses)/ retained earnings	Total	Non- controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserve							
HK\$'000	HK\$'000	HK\$'000 Note (a)	HK\$'000 Note (b)	HK\$'000 Note (c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For 6 months ended 30 September 2020												
Balance as at 1 April 2020 (audited)	3,654	502,332	50,374	2,480	1,042	3,033	(21,630)	537,631	77,681	618,966	7,957	626,923
Profit for the period	-	-	-	-	-	-	-	-	1,473	1,473	773	2,246
Other comprehensive income												
Currency translation differences	-	-	-	-	-	244	-	244	-	244	-	244
Total comprehensive income	-	-	-	-	-	244	-	244	1,473	1,717	773	2,490
Dividends paid to non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(500)	(500)
Balance as at 30 September 2020 (unaudited)	3,654	502,332	50,374	2,480	1,042	3,277	(21,630)	537,875	79,154	620,683	8,230	628,913
For 6 months ended 30 September 2021												
Balance as at 1 April 2021 (audited)	3,654	502,332	50,374	2,480	1,042	3,934	(21,630)	538,532	(15,427)	526,759	7,117	533,876
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(68,210)	(68,210)	1,486	(66,724)
Other comprehensive income												
Currency translation differences	-	-	-	-	-	120	-	120	-	120	-	120
Total comprehensive income/(expense)	-	-	-	-	-	120	-	120	(68,210)	(68,090)	1,486	(66,604)
Balance as at 30 September 2021 (unaudited)	3,654	502,332	50,374	2,480	1,042	4,054	(21,630)	538,652	(83,637)	458,669	8,603	467,272

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2021

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 its directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Unaudited	
	Six months	
	ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Net cash flows generated from/(used in) operating activities	19,135	(25,334)
Net cash flows generated from investing activities	1,515	247
Net cash flows used in financing activities	<u>(980)</u>	<u>(19,833)</u>
Net increase/(decrease) in cash and cash equivalents	19,670	(44,920)
Cash and cash equivalents as at 1 April	68,286	117,682
Effect of foreign exchange rate changes, net	<u>(84)</u>	<u>(40)</u>
Cash and cash equivalents as at 30 September	<u>87,872</u>	<u>72,722</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Huabang Technology Holdings Limited was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares are listed on the Main Board of the Stock Exchange ("Main Board").

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

Pursuant to a special resolution passed at an extraordinary general meeting held on 15 April 2021, the name of the Company was changed from Huabang Financial Holdings Limited to the present one.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It should be read in conjunction with the annual financial statements for the year ended 31 March 2021, prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of new and amended standards as set out below.

The following amendments to standards are mandatory for the first time for the financial period beginning 1 April 2021 and currently relevant to the Group:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of the above amendments to standards has had no significant effect on the interim condensed consolidated financial information and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial information.

4. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Revenue from contracts with customers (Note i)	<u>1,224,693</u>	<u>404,099</u>
Revenue from other sources		
<i>Interest income calculated using the effective interest method from:</i>		
– loan receivables	8,955	9,542
– cash client receivables	<u>8,868</u>	<u>13,757</u>
	<u>17,823</u>	<u>23,299</u>
Total revenue	<u><u>1,242,516</u></u>	<u><u>427,398</u></u>

Note:

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

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Type of goods or services		
<i>Sales of goods</i>	1,224,355	403,843
<i>Service income</i>		
– Provision of underwriting and placing services	195	31
<i>Commission income</i>		
– Provision of securities brokerage services	143	225
	<u>1,224,693</u>	<u>404,099</u>
Timing of revenue recognition		
A point in time	<u>1,224,693</u>	<u>404,099</u>

All the sales of goods, service income and commission income have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

The CODM considers that the Group has two operating and reporting segments which are (i) computer and peripheral products business and (ii) financial services business (including securities brokerage business, advisory services business and money lending business).

The CODM assesses the performance of the operating segments based on segment profit/(loss). Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of the respective segments. Unallocated 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 where appropriate, pledged bank deposits, cash and cash equivalents where appropriate and bank balances held on behalf of clients. They exclude 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 borrowings where appropriate, allocated other payables and accrued expenses where appropriate and contracts liabilities. They exclude deferred tax liabilities, income tax payables and other unallocated liabilities, which are managed centrally.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Unaudited		
	For the six months ended 30 September 2021		
	Computer and peripheral products business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	1,224,355	18,161	1,242,516
Cost of sales from external customers	<u>(1,216,712)</u>	<u>-</u>	<u>(1,216,712)</u>
	7,643	18,161	25,804
Selling expenses	(260)	(86)	(346)
General and administrative expenses	(3,752)	(13,006)	(16,758)
Expected credit loss on financial assets, net	11	(69,629)	(69,618)
Other (expenses)/income and (losses)/gains, net	(74)	585	511
Finance costs	<u>(1,959)</u>	<u>(80)</u>	<u>(2,039)</u>
Segment profit/(loss)	<u><u>1,609</u></u>	<u><u>(64,055)</u></u>	<u><u>(62,446)</u></u>
Finance costs			(1,346)
Unallocated expenses			<u>(13,250)</u>
Loss before income tax			(77,042)
Income tax credit			<u>10,318</u>
Loss for the period			<u><u>(66,724)</u></u>

Unaudited			
For the six months ended 30 September 2020			
	Computer and peripheral products business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	403,843	23,555	427,398
Cost of sales from external customers	<u>(394,801)</u>	<u>–</u>	<u>(394,801)</u>
	9,042	23,555	32,597
Selling expenses	(585)	–	(585)
General and administrative expenses	(4,457)	(3,862)	(8,319)
Expected credit loss on financial assets, net	(324)	(4,156)	(4,480)
Other income and gains, net	680	1,002	1,682
Finance costs	<u>(2,115)</u>	<u>–</u>	<u>(2,115)</u>
Segment profit	<u>2,241</u>	<u>16,539</u>	18,780
Share of net loss of associates accounted for using equity method			(1,468)
Finance costs			(2,054)
Unallocated expenses			<u>(11,440)</u>
Profit before income tax			3,818
Income tax expense			<u>(1,572)</u>
Profit for the period			<u>2,246</u>

Interest revenue of HK\$17,823,000 (Last Corresponding Period: HK\$23,299,000) was included in revenue from external customers, wholly contributed by financial services business segment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Unaudited		
	As at 30 September 2021		
	Computer and peripheral products business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>180,335</u>	<u>403,007</u>	<u>583,342</u>
Segment liabilities	<u>381,155</u>	<u>16,735</u>	<u>397,890</u>

	Audited		
	As at 31 March 2021		
	Computer and peripheral products business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>149,149</u>	<u>492,464</u>	<u>641,613</u>
Segment liabilities	<u>351,244</u>	<u>26,763</u>	<u>378,007</u>

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

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
Segment assets	583,342	641,613
Cash and cash equivalents	1,055	1,233
Property, plant and equipment	250,707	255,638
Deposits, prepayments and other receivables	574	789
Financial assets at fair value through profit or loss	400	11,745
Deferred tax assets	34,683	22,887
Income tax recoverable	2,917	2,084
	<hr/>	<hr/>
Total assets	873,678	935,989
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	397,890	378,007
Deferred tax liabilities	182	163
Borrowings	–	15,003
Income tax payables	7,356	7,424
Other unallocated liabilities	978	1,516
	<hr/>	<hr/>
Total liabilities	406,406	402,113
	<hr/> <hr/>	<hr/> <hr/>

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

Other segment information

	Unaudited For the six months ended 30 September 2021		
	Computer and peripheral products business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	100	–	100
Depreciation of property, plant and equipment	804	70	874
Amortisation of intangible assets	–	114	114
Impairment of goodwill	–	8,844	8,844

	Unaudited		
	For the six months ended 30 September 2020		
	Computer and peripheral products business <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>

Additions to property, plant and equipment	–	29	29
Depreciation of property, plant and equipment	757	68	825
Amortisation of intangible assets	–	620	620
Reversal of impairment of inventories	(122)	–	(122)

5. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loan receivables	367	5
Cash client receivables	69,296	4,135
Trade receivables	(11)	325
Interest receivables	(34)	15
	<u>69,618</u>	<u>4,480</u>

6. FINANCE COSTS

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
– Interest expenses on bank and other borrowings	<u>3,385</u>	<u>4,169</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax has been arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Cost of inventories sold	1,216,712	394,923
Auditor's remuneration	589	614
Depreciation of property, plant and equipment	5,821	5,827
Amortisation of intangible assets	113	620
Employee benefit expenses (Note)	8,190	7,101
Service fees for broker supplied systems	680	700
Impairment of goodwill	8,844	–
Reversal of impairment of inventories	–	(122)
	<u> </u>	<u> </u>

Note:

For the six months ended 30 September 2020, COVID-19 related government grants under “Employment Support Scheme” of the Hong Kong government, amounting to HK\$821,000, has been offset against employee benefit expenses.

8. INCOME TAX (CREDIT)/EXPENSE

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	1,459	2,605
Deferred income tax	<u>(11,777)</u>	<u>(1,033)</u>
	<u>(10,318)</u>	<u>1,572</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Group has no assessable profit in PRC during the reporting period and is not subject to any PRC corporate income tax. The PRC corporate income tax rate during the reporting period is 25%.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share (Last Corresponding Period: basic earnings per share) is based on the loss attributable to owners of the Company for the Current Period of approximately HK\$68,210,000 (Last Corresponding Period: profit of approximately HK\$1,473,000) and of the weighted average number of 4,342,038,000 (Last Corresponding Period: 4,342,038,000) ordinary shares in issue during the Current Period.

Diluted loss per share (Last Corresponding Period: diluted earnings per share) was same as the basic loss per share (Last Corresponding Period: basic earnings per share) as there were no potential dilutive ordinary shares in existence during the reporting periods.

10. DIVIDENDS

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

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the Current Period, there was additions of approximately HK\$100,000 (Last Corresponding Period: approximately HK\$29,000) for property, plant and equipment and no additions for intangible assets (Last Corresponding Period: nil).

Also, during the Current Period and the Last Corresponding Period, there was no disposal of property, plant and equipment which resulting in no gain/loss on disposal.

12. LOAN RECEIVABLES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Loan receivables	194,530	194,530
Less: Impairment	(14,312)	(13,945)
Loan receivables, net	<u>180,218</u>	<u>180,585</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.

13. ACCOUNT RECEIVABLES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Trade receivables (Note)	87,677	104,782
Cash client receivables	244,578	258,375
Due from clearing house	—	341
	<u>332,255</u>	<u>363,498</u>
Less: Impairment	<u>(205,914)</u>	<u>(137,219)</u>
	<u>126,341</u>	<u>226,279</u>

Account receivables are denominated in the following currencies:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
HK\$	126,341	209,775
US\$	—	16,504
	<u>126,341</u>	<u>226,279</u>

Note:

The Group generally grants credit periods up to 60 days to the customers of trading business. The aging analysis of relevant trade receivables based on invoice date is as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
1 – 30 days	—	1,896
31 – 60 days	—	—
61 – 90 days	—	—
91 – 180 days	—	—
Over 180 days	<u>87,677</u>	<u>102,886</u>
	<u>87,677</u>	<u>104,782</u>
Less: Impairment	<u>(87,677)</u>	<u>(88,278)</u>
	<u>—</u>	<u>16,504</u>

No aging analysis is disclosed for account receivables from cash clients and 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.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Non-current		
Other non-current deposits	467	486
Other assets	<u>205</u>	<u>205</u>
	----- 672	----- 691
Current		
Prepayments	27,995	854
Deposits and other receivables	3,975	13,855
Interest receivables	<u>14,961</u>	<u>20,686</u>
	46,931	35,395
Less: Impairment	<u>(610)</u>	<u>(644)</u>
	----- 46,321	----- 34,751
Total deposits, prepayments and other receivables	<u><u>46,993</u></u>	<u><u>35,442</u></u>

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

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
HK\$	42,939	23,648
RMB	175	-
US\$	<u>3,879</u>	<u>11,794</u>
	<u><u>46,993</u></u>	<u><u>35,442</u></u>

15. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Trade payables	31,110	24,329
Cash client payables (Note a)	11,679	15,706
Due to clearing house (Note b)	<u>4,372</u>	<u>–</u>
Total account payables	47,161	40,035
Accrued expenses	1,985	4,193
Other payables	<u>54</u>	<u>622</u>
Total other payables and accrued expenses	2,039	4,815
Total account payables, other payables and accrued expenses	49,200	44,850

Notes:

- (a) The settlement terms of payables arising from securities brokerage business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.
- (b) In presenting the amounts due to Hong Kong Securities Clearing Company Limited (“HKSCC”), the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC.
- (c) As at 30 September 2021 and 31 March 2021, all trade payables were aged within two months, based on invoice date. No aging analysis is disclosed for cash client payables and due to clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

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

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
HK\$	18,024	18,398
RMB	24	811
US\$	<u>31,152</u>	<u>25,641</u>
	<u>49,200</u>	<u>44,850</u>

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

16. BORROWINGS

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Bank borrowings	338,831	336,475
Other borrowings	<u>–</u>	<u>10,284</u>
	<u>338,831</u>	<u>346,759</u>
Analysed as:		
– Secured	338,831	331,803
– Unsecured	<u>–</u>	<u>14,956</u>
	<u>338,831</u>	<u>346,759</u>

As at 30 September 2021, the Group's bank borrowings of HK\$338,831,000 are secured by the Group's owned properties situated in Hong Kong of HK\$249,606,000 and pledged bank deposits of HK\$41,552,000.

As at 31 March 2021, the Group's other borrowings of HK\$10,284,000 and bank borrowings of HK\$321,519,000 are secured by financial assets at fair value through profit or loss with carrying value of HK\$8,050,000 and the Group's owned properties situated in Hong Kong of HK\$254,328,000 and pledged bank deposits of HK\$41,427,000.

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 and other borrowings in accordance with the scheduled repayment dates are as follows:

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
The carrying amounts of other borrowings are repayable:		
-Within one year	—	10,284
	—	10,284
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) are repayable:		
– Within one year	235,831	228,997
– Between one and two years	4,478	4,478
– Between two and five years	98,522	103,000
	338,831	336,475
	338,831	346,759

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

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
Variable-rate borrowings	338,831	336,475
Fixed-rate borrowings	—	10,284
	338,831	346,759

As at 30 September 2021, the Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (31 March 2021: same).

As at 31 March 2021, other borrowings of HK\$10,284,000 is secured, interest bearing at a fixed rate per annum and repayable within one year.

Borrowings of the Group are denominated in the following currencies:

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
HK\$	157,219	200,104
US\$	181,612	146,655
	<u>338,831</u>	<u>346,759</u>

17. SHARE CAPITAL

Authorised shares:

As at 30 September 2021, the total authorised number of ordinary shares is 96,000 million shares (31 March 2021: 96,000 million shares) with a par value of HK\$0.0008333 per share (31 March 2021: HK\$0.0008333 per share).

	Unaudited 30 September 2021		Audited 31 March 2021	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Issued and fully paid:				
At the beginning and end of period/year	<u>4,384,782</u>	<u>3,654</u>	<u>4,384,782</u>	<u>3,654</u>

18. CAPITAL COMMITMENTS

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

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
Contracted, but not provided for:		
Leasehold improvements	<u>286</u>	<u>386</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 period 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”) pandemic 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 period 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 period under review, increased from approximately HK\$403.8 million to approximately HK\$1,224.4 million, representing an increment of approximately 203.2%. 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 Current Period, the Group recorded an overall revenue of approximately HK\$18.2 million (Last Corresponding Period: approximately HK\$23.6 million) and a segment loss of approximately HK\$64.1 million (Last Corresponding Period: segment profit of approximately HK\$16.5 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 period under review, the Group recorded a revenue of approximately HK\$9.2 million (Last Corresponding Period: approximately HK\$14.1 million) and a segment loss of approximately HK\$71.7 million (Last Corresponding Period: segment profit of approximately HK\$7.3 million) respectively in respect of the Group's securities brokerage business. The revenue was nil (Last Corresponding Period: nil) and the Group recorded a segment loss of approximately HK\$0.5 million (Last Corresponding Period: approximately HK\$0.1 million) respectively in respect of the Group's advisory services business.

The Group engaged in money lending business through an indirect wholly-owned subsidiary of the Company, which holds a money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group recorded a revenue of approximately HK\$9.0 million (Last Corresponding Period: approximately HK\$9.5 million) and a segment profit of approximately HK\$8.1 million (Last Corresponding Period: approximately HK\$9.3 million) in respect of the Group's money lending business.

LOOKING AHEAD

The outbreak of COVID-19 epidemic has generated unprecedented challenges to the global economy. However, with the recent implementation of COVID-19 vaccination programme, signs of recovery are shown and most countries around the world have introduced measures to stimulate economic growth. 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 in 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 Current Period is as follows:

- Computer and peripheral products business: approximately HK\$1,224.4 million, being an increase of approximately HK\$820.6 million when compared to the Last Corresponding Period of approximately HK\$403.8 million
- Financial services business (including securities brokerage business, advisory services business and money lending business): approximately HK\$18.2 million, being a decrease of approximately HK\$5.4 million when compared to the Last Corresponding Period of approximately HK\$23.6 million

The Group's total revenue for the Current Period was approximately HK\$1,242.5 million, being an increase of approximately HK\$815.1 million when compared to the Last Corresponding Period of approximately HK\$427.4 million. The increase was mainly attributable to increase in revenue derived from computer and peripheral products business.

Gross profit margin for the Current Period was approximately 2.1% (Last Corresponding Period: approximately 7.6%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from computer and peripheral products business for the Current Period.

Selling Expenses

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

General and Administrative Expenses

General and administrative expenses for the Current Period increased by approximately HK\$10.5 million from the Last Corresponding Period, which was mainly due to the increase in employee benefit expenses of approximately HK\$1.4 million and impairment of goodwill of approximately HK\$8.8 million.

Expected Credit Loss on Financial Assets, net

The increase in expected credit loss on financial assets by approximately HK\$65.1 million was mainly attributable to the increase in expected credit loss incurred from cash client receivables, mainly due to the stock market volatility during the Current Period.

Other Income and Gains, net

The Group's other income and gains for the Current Period was approximately HK\$1.1 million, being a decrease of approximately HK\$0.9 million when compared to the Last Corresponding Period of approximately HK\$2.0 million. The decrease was mainly due to the decrease in handling fee income and increase in unrealised loss on the change in fair value of equity investment at fair value through profit or loss which was partially offset by the increase in realised gain on disposal of equity investment at fair value through profit or loss during the Current Period.

Finance Costs

Finance costs for the Current Period was approximately HK\$3.4 million, being a decrease of approximately HK\$0.8 million when compared to the Last Corresponding Period of approximately HK\$4.2 million. The decrease was mainly attributable to a relatively lower average interest rate on bank borrowings during the Current Period.

Income Tax Credit/(Expense)

Income tax credit for the Current Period was approximately HK\$10.3 million (Last Corresponding Period: income tax expense of approximately HK\$1.6 million). The change was mainly due to the decrease in the assessable profits and increase in deferred tax assets for the Current Period.

(Loss)/Profit for the Period

The Group recorded loss of approximately HK\$66.7 million for the Current Period, as compared to profit of approximately HK\$2.2 million for the Last Corresponding Period.

(Loss)/Profit for the Period Attributable to Owners of the Company

The loss for the Current Period attributable to owners of the Company amounted to approximately HK\$68.2 million (Last Corresponding Period: profit attributable to owners of the Company of approximately HK\$1.5 million), resulted in a basic loss per share for the Current Period of HK1.57 cent (Last Corresponding Period: basic earnings per share HK0.03 cent) and diluted loss per share for the Current Period of HK1.57 cent (Last Corresponding Period: diluted earnings per share HK0.03 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 30 September 2021 was approximately HK\$37.1 million (31 March 2021: approximately HK\$13.7 million). The overall inventories turnover days remained healthy and reasonable for the period under review.

As at 30 September 2021, the Group's loan receivables amounted to approximately HK\$180.2 million (31 March 2021: approximately HK\$180.6 million), which arise from its money lending business in Hong Kong. The Group recorded an expected credit loss of approximately HK\$0.4 million for the Current Period.

The Group continues to closely monitor the settlements from its customers on an ongoing basis to manage the credit risk from time to time. As at 30 September 2021, include in the account receivables, there are trade receivables, cash client receivables and clearing house receivables, amounted to nil (31 March 2021: approximately HK\$16.5 million), approximately HK\$126.3 million (31 March 2021: approximately HK\$209.4 million) and nil (31 March 2021: approximately HK\$0.3 million), respectively. Trade receivables are arising from its computer and peripheral products business. Cash client receivables and clearing house receivables are arising from its securities brokerage business. The Group recorded a reversal of expected credit loss on trade receivables of approximately HK\$0.1 million for the Current Period. The Group recorded an expected credit loss on cash client receivables of approximately HK\$69.3 million for the Current Period. There is no expected credit loss for clearing house receivables.

Liquidity, Financial Resources, Working Capital and Treasury Policy

The Group maintained a solid financial position during the Current Period. As at 30 September 2021, cash and cash equivalents of the Group amounted to approximately HK\$87.9 million (31 March 2021: approximately HK\$68.3 million), and the Group's net assets amounted to approximately HK\$467.3 million (31 March 2021: approximately HK\$533.9 million). As at 30 September 2021, there was approximately HK\$338.8 million outstanding borrowings balance (31 March 2021: approximately HK\$346.8 million).

As at 30 September 2021, non-current assets of the Group amounted to approximately HK\$338.6 million (31 March 2021: approximately HK\$341.5 million), the Group's current assets amounted to approximately HK\$535.0 million (31 March 2021: approximately HK\$594.5 million), and net current assets as at 30 September 2021 amounted to approximately HK\$128.8 million (31 March 2021: approximately HK\$192.5 million). As at 30 September 2021, the current ratio was approximately 1.3 (31 March 2021: approximately 1.5) (calculated by dividing the total current assets by total current liabilities).

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the condensed consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposits. The gearing ratio as at 30 September 2021 was approximately 31.0% (31 March 2021: approximately 30.7%).

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

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

Capital Structure and Fund Raising Activities

The capital of the Company comprises only ordinary shares.

No fund raising activities were conducted by the Company during the Current Period.

As at 30 September 2021 and 31 March 2021, 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 to the interim condensed consolidated financial information in this announcement, the Group had no other capital commitments as at 30 September 2021.

Pledge of Assets

As at 30 September 2021, the Group's bank borrowings of HK\$338.8 million are secured by the Group's owned properties situated in Hong Kong of HK\$249.6 million and pledged bank deposits of HK\$41.6 million.

As at 31 March 2021, the Group's other borrowings of HK\$10.3 million and bank borrowings of HK\$321.5 million are secured by financial assets at fair value through profit or loss with carrying value of HK\$8.1 million and the Group's owned properties situated in Hong Kong of HK\$254.3 million and pledged bank deposits of HK\$41.4 million.

Foreign Currency Exposure

The Group is exposed to certain foreign currency risk primarily with respect to Renminbi ("RMB") and United States dollar ("US\$") as most of the transactions are denominated in Hong Kong dollar ("HK\$"), RMB and US\$. The Group is exposed to foreign exchange risk primarily through expenses transactions that are denominated in currencies other than the functional currencies of the group companies. During the Current Period, the Group generated a foreign exchange loss of approximately HK\$0.2 million (Last Corresponding Period: approximately HK\$0.2 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 Current Period, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure is not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2021.

Interim Dividend

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

Change of Company Name

Pursuant to a special resolution passed at an extraordinary general meeting held on 15 April 2021, the shareholders have approved to change the name of the Company from Huabang Financial Holdings Limited to Huabang Technology Holdings Limited. Reference is made to the announcements of the Company dated 18 February 2021, 15 April 2021 and 8 June 2021 and the circular of the Company dated 23 March 2021.

Subsequent Event after the Reporting Period

An indirect wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement to sell properties at a total consideration of HK\$78.8 million on 12 October 2021. Reference is made to the announcement of the Company dated 12 October 2021.

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

During the Current Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board is committed to achieving high standards of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. During the Current Period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except in relation to CG Code provisions A.2.1, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF FINANCIAL INFORMATION

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

PUBLICATION

The interim results announcement of the Company for the Current Period is published on the websites of the Stock Exchange and our Company respectively. The interim report will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company respectively in due course.

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

Hong Kong, 26 November 2021

As at the date of this announcement, the Executive Director of the Company is Mr. George Lu; and the independent Non-Executive Directors of the Company are Mr. Loo Hong Shing Vincent, Mr. Li Huaqiang and Mr. Zhu Shouzhong.