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)

2022
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liu Qiaosong *(Vice Chairman)*
(appointed on 11 February 2022)
Mr. Qu Hongqing *(appointed on 1 April 2022)*
Mr. George Lu *(Chief Executive Officer and Chairman) (resigned on 6 May 2022)*
Ms. Shen Wei *(resigned on 4 August 2021)*

NON-EXECUTIVE DIRECTOR

Mr. Pang Chung Fai Benny *(resigned on 30 October 2021)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Zhu Shouzhong
Mr. Li Huaqiang

AUTHORISED REPRESENTATIVES

Mr. Liu Qiaosong *(appointed on 6 May 2022)*
Mr. Wong Kwok Ming
Mr. George Lu *(ceased on 6 May 2022)*

COMPANY SECRETARY

Mr. Wong Kwok Ming

AUDIT COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. Zhu Shouzhong
Mr. Li Huaqiang

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. Li Huaqiang
Mr. Liu Qiaosong *(appointed on 6 May 2022)*
Mr. George Lu *(ceased on 6 May 2022)*

NOMINATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. Li Huaqiang
Mr. Liu Qiaosong *(appointed on 6 May 2022)*
Mr. George Lu *(ceased on 6 May 2022)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Liu Qiaosong *(Chairman) (appointed on 6 May 2022)*
Mr. Qu Hongqing *(appointed on 6 May 2022)*
Mr. Loo Hong Shing Vincent
Mr. Wong Kwok Ming *(Chairman) (ceased on 6 May 2022)*
Mr. George Lu *(ceased on 6 May 2022)*

REGISTERED OFFICE

PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

33/F, Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Everbright Bank Co., Ltd. Hong Kong Branch
China Guangfa Bank Co., Ltd. Hong Kong Branch
China Merchants Bank Co., Ltd. Hong Kong Branch
Chiyu Banking Corporation Limited
Dah Sing Bank, Limited
Hang Seng Bank Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
2/F, 625 King's Road
North Point
Hong Kong

STOCK CODE

3638

COMPANY WEBSITE ADDRESS

www.huabangtechnology.com
(information contained in this website does not form part of this report)

FINANCIAL SUMMARY

FINANCIAL SUMMARY

A summary of the results and the financial position of the Group for the last five financial years is set out as follows:

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**1,702,549**	2,023,680	933,638	844,552	683,410
Gross profit	**38,448**	62,756	66,157	56,330	55,967
(Loss)/Profit before income tax	**(259,605)**	(105,910)	15,339	(37,576)	13,172
(Loss)/Profit for the year	**(239,419)**	(93,448)	9,742	(34,717)	9,211
(Loss)/Profit for the year attributable to owners of the Company	**(241,018)**	(93,108)	5,607	(34,717)	9,211
Financial position					
Total assets	**514,774**	935,989	1,061,936	813,916	607,643
Total liabilities	**220,074**	402,113	435,013	178,594	68,602
Total equity	**294,700**	533,876	626,923	635,322	539,041

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Huabang Technology Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2022 (the "Current Year") to shareholders for review.

During the year under review, the Group was principally engaged in (i) trading business (including computer and peripheral products and electronics products business) and (ii) financial services business (including securities brokerage business, advisory services business and money lending business).

Looking back the year, the outbreak of the novel coronavirus ("COVID-19") epidemic has continuously generated unprecedented challenges to the global economy and negatively affected the overall business environment during the year under review. 2022 was a challenging year for the Group. The outbreak of COVID-19 was continuing to adversely affect the economy which slowed down global production and hampered international trade. Also, the outbreak of COVID-19 worsened the situation over the world. Many major cities including Hong Kong experienced several waves of COVID-19 pandemic and the pandemic remained volatile. Under such an unfavorable economic and market situation, there were numerous challenges in the industry in which the Group operates. During the year under review, the Group's total revenue for the year was approximately HK$1,702.5 million, a decrease of approximately HK$321.2 million when compared to the previous year of approximately HK$2,023.7 million. The loss for the year attributable to owners of the Company amounted to approximately HK$241.0 million when compared to the previous year's loss attributable to owners of the Company of approximately HK$93.1 million.

Given such market conditions, the Group continued to maintain robust business strategies and keep on tight control of its operations and focused on enhancing operational efficiency and implementing various cost reduction measures during the year. The management continued to devote substantial efforts to maintain a healthy balance sheet. The management has been dedicated to building a customer base and exploiting business opportunities in the trading business and financial services business. The Group also managed to enhance its long-term and close business relationship with customers and obtained full support from them while effectively satisfying their needs at the same time. The Group will continue to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under different market conditions.

CHAIRMAN'S STATEMENT

Looking ahead, we anticipate the global economy to be volatile and challenging in the coming year. Factors such as the continuous threat of COVID-19 Pandemic and its variants, increase in interest rates by major economies such as US to curb inflation, disruption in supply chain and the continuous trade disputes between the People's Republic of China (the "PRC") and the United States of America, all there factors will affect economic recovery. It is very difficult to predict when the global economy can resume its normal pace. However, it is anticipated that many countries may adopt flexible and accommodative monetary policies and fiscal stimulus to provide liquidity to counter economic downturn. We are still confident in the future development of the Group in long-term. Despite possible disruptions to the Mainland economy, we are confident about the mid-to-long-term recovery of the Mainland market. In Mainland China, it is expected that the economy will be stable with growth as the pandemic has been under control. We believe the central government will continue to provide accommodative monetary policy and fiscal stimulus necessary to support economic growth. We aim to continue to execute well and strive to make continuous improvements in the coming years. The Group will targets the market of the Mainland China, particularly in the Greater Bay Area, as a majorly market and will adhere to the strategy of enlarging the market share and competitiveness through integration and improvement of its overall team strength. The Group will adhere to our principle of steady development, positively cope with any challenges and capture suitable opportunities. The Group will continue to examine prudently the opportunities to improve profitability and enhance the capital functioning. The Group will also continue dedicating itself to exploiting new business opportunities from time to time, diversify and broaden revenue sources of the Group and generate tremendous returns and long-term values for the Shareholders.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors, business associates and customers for their generous support and trust, and to our Directors, management and all staff for their invaluable effort and contributions!

Liu Qiaosong
Vice Chairman

Hong Kong, 17 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group was principally engaged in (i) trading business and (ii) financial services business.

(i) Trading business

The trading business segment that the Group operates includes computer and peripheral products and electronics products business.

During the year under review, the global market has been sluggish and volatile due to the negative impacts caused by the continuous trade disputes between the PRC and the United States of America, the outbreak of COVID-19 pandemic and the global economic slowdown. The Group operates in an industry which is dynamic and competitive; 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's overall revenue in the trading business segment decreased by approximately HK$294.6 million to approximately HK$1,681.7 million, representing a diminishing of approximately 14.9%. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost reduction measures. The Group also managed to further enhance its long-term and close business relationships with suppliers and customers. For the year ended 31 March 2022, the Group recorded a segment profit of approximately HK$4.6 million (2021: segment loss of approximately HK$89.2 million) for the trading business segment. 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 2022, the Group recorded an overall revenue of approximately HK$20.8 million (2021: approximately HK$47.3 million) and a segment loss of approximately HK$280.5 million (2021: segment profit of approximately HK$21.9 million) for the business segment of financial services business.

The global economic and financial market continued to fluctuate and deteriorate and the PRC's economic slowdown brought uncertainties to the overall business environment. During the year under review, the Group recorded a revenue of approximately HK$12.6 million (2021: approximately HK$29.4 million) and a segment loss of approximately HK$158.0 million (2021: segment profit of approximately HK$10.8 million) respectively in respect of the Group's securities brokerage business. The revenue was HK$nil (2021: HK$nil) and the Group recorded a segment loss of approximately HK$0.7 million (2021: approximately HK$0.5 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$8.2 million (2021: approximately HK$17.9 million) and a segment loss of approximately HK$121.8 million (2021: segment profit of approximately HK$11.6 million) in respect of the Group's money lending business.

The gross carrying amount of loan receivables of approximately HK$194.5 million are denominated in Hong Kong dollars, unsecured, bearing fixed interest rate from 8% to 18%, and recoverable within one year from the dates of inception of the loan agreements. The principal loaned to 42.9%, 42.9% and 14.2% of the money lending business client range from HK$0 to HK$20,000,000, HK$20,000,001 to HK$40,000,000 and HK$40,000,001 to HK$50,000,000, respectively. Individual clients and corporate clients represent 57.1% and 42.9% of the money lending business clients respectively.

LOOKING AHEAD

Looking forward, various factors such as the outbreak of the COVID-19 pandemic, the increase of interest rates by major economies such as US to curb inflation, the disruption in supply chain, the continuous trade disputes between the PRC and the United States of America, and the geopolitical tension in various regions, all these factors will continues to generate unprecedented challenges and adverse impacts on the global economy and overall business environment and will affect the economic recovery. It is also anticipated that many countries may try to adopt more flexible and accommodative monetary policies and fiscal stimulus to provide liquidity to counter economic downturn. Given such market situation, it is expected that the overall economy, the global and local stock markets, the business environment and the industry in which the Group operates including our computer and peripheral products and electronics product trading business and financial services business (including securities brokerage business, advisory services business and money lending business), will be highly volatile and more unpredictable than the previous year as the world continued to be ravaged by the pandemic and shrouded in global economic uncertainties. It is very difficult to predict when the overall economy can resume its normal pace. However, the Group remained cautiously optimistic while moving forward steadfastly in the implementation of our business strategy. We will continue to closely work with our clients and business partners for the sustainable development of the Group and we will also closely monitor the development of 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 is confident in the future development of the Group in long-term. The Group will continue to adhere to our principle of steady development, positively cope with any challenges and capture suitable opportunities. The Group will continue to dedicate itself to exploiting new business opportunities in other business sectors from time to time, 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 2022 is as follows:

- Trading business: approximately HK$1,681.7 million, being a decrease of approximately HK$294.6 million when compared to the previous year of approximately HK$1,976.3 million

- Financial services business (including securities brokerage business, advisory services business and money lending business): approximately HK$20.8 million, being a decrease of approximately HK$26.5 million when compared to the previous year of approximately HK$47.3 million

The Group's total revenue for the year was approximately HK$1,702.5 million, being a decrease of approximately HK$321.2 million when compared to the previous year of approximately HK$2,023.7 million. The decrease was mainly attributable to a diminishing in revenue derived from the trading business.

The gross profit margin for the year was approximately 2.3% (2021: approximately 3.1%). The decrease in gross profit margin was mainly caused by the relatively lower gross profit earned from the financial services business for the year.

Selling Expenses

The decrease in selling expenses by approximately HK$1.0 million was mainly due to the decrease in employee benefit expenses.

General and Administrative Expenses

General and administrative expenses for the year decreased by approximately HK$3.4 million from the year ended 31 March 2021 (the" Last Corresponding Year"), which was mainly due to the decrease in legal and professional fees of approximately HK$1.4 million and employee benefit expenses of approximately HK$1.9 million.

Expected Credit Loss on Financial Assets, net

Expected Credit Loss ("ECL") on financial assets for the year was approximately HK$245.5 million, being an increase of approximately HK$139.1 million when compared to the previous year of approximately HK$106.4 million. The increment was mainly attributed to an increase in ECL incurred from cash client receivables and loan receivables due to stock market volatility and the issue of recoverability as a result of the substantial deterioration of the economic environment during the year. The Group did not engage any independent external valuers to perform the assessment of ECL on financial assets, instead, conducted an internal assessment and evaluation to support the impairment made. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loan receivables (i)	**122,720**	5,862
Cash client receivables (ii)	**115,977**	12,413
Trade receivables	**(11)**	88,010
Interest receivables (i)	**6,774**	66
Total ECL on financial assets recognised in profit or loss	**245,460**	106,351

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

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

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

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

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

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

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

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

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

For further details on the basis of determining the ECL, please refer to Notes 3.19.3 and 5.1(b) to the consolidated financial statements.

(i) Expected credit loss on loan receivables and interest receivables

Loan receivables and interest receivables are arising from the money lending business. The business model of the money lending business is targeted to provide short-term loan financing to individual and corporate clients through its business network in Hong Kong under the scope of money lending licence under the Money Lender Ordinance (Chapter 163 of the Laws of Hong Kong). The term of loans is within one year. The interest rate is within a range from 8% to 18% by reference to the market.

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

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

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

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

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

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

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

For the year ended 31 March 2022, the Group recorded an expected credit loss on loans receivables and interest receivables of approximately HK$122.7 million (2021: approximately HK$5.9 million) and approximately HK$6.8 million (2021: approximately HK$0.1 million), respectively. The increase was mainly due to the gross carrying amount of loan receivables of approximately HK$111.8 million and respective loan interest of approximately HK$4.4 million past due over 60 days and recoverability issue occurred. After assessing the relevant borrowers' financial background, repayment abilities and expected future cash flows, the directors of the Group considered they are credit-impaired and determined that transferring the HK$111.8 million and HK$4.4 million from Stage 1 to Stage 3 and an ECL of approximately HK$104.4 million and HK$4.4 million were provided for loan receivables and interest receivables, respectively.

Loan receivables
As at 31 March 2022

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Less than 31 days past due	–	68,700	–	68,700
31 to 90 days past due	–	–	111,830	111,830
Past due over 90 days	–	–	14,000	14,000
Gross carrying amount	–	68,700	125,830	194,530
ECL	–	18,239	118,426	136,665
ECL rate	N/A	26.55%	94.12%	70.25%

Loan receivables
As at 31 March 2021

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Not Past due	180,530	–	7,000	187,530
Past due over 90 days	–	–	7,000	7,000
Gross carrying amount	180,530	–	14,000	194,530
ECL	1,065	–	12,880	13,945
ECL rate	0.59%	N/A	92.00%	7.17%

Interest receivables
As at 31 March 2022

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Less than 31 days past due	–	9,286	–	9,286
31 to 90 days past due	–	–	4,428	4,428
Past due over 90 days	–	–	525	525
Gross carrying amount	–	9,286	4,953	14,239
ECL	–	2,465	4,953	7,418
ECL rate	N/A	26.55%	100.00%	52.10%

Interest receivables
As at 31 March 2021

	Stage 1 HK$'000	**Stage 2** HK$'000	**Stage 3** HK$'000	**Total** HK$'000
Not Past due	20,161	–	–	20,161
Past due over 90 days	–	–	525	525
Gross carrying amount	20,161	–	525	20,686
ECL	119	–	525	644
ECL rate	0.59%	N/A	100.00%	3.11%

(ii) *Expected credit loss on cash client receivables*

Cash client receivables are arising from the securities brokerage business. For cash client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet the loan call requirement and use the loan-to-collateral value ("LTV") to make its assessment.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

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

The Group considers a cash client receivable is in default when LTV is larger than a defined benchmark. However, in certain cases, the Group may also consider a cash client receivable to be in default when there is a significant shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A cash client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

For the year ended 31 March 2022, the Group recorded an expected credit loss on cash client receivables of approximately HK$116.0 million (2021: approximately HK$12.4 million). The increase was mainly due to stock market volatility and the economic downturn during the year. The market value of the pledged securities of each client decreased significantly and repayment abilities deteriorated. The directors of the Company have assessed the relevant borrowers' financial background, repayment abilities and expected future cash flows; and determined that transferring the HK$129.6 million from Stage 2 to Stage 3 and an additional ECL of approximately HK$112.9 million was provided for these cash client receivables for the current year.

Cash client receivables
As at 31 March 2022

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
LTV at 100% or above	–	19	175,227	175,246
LTV less than 100%	68,900	–	–	68,900
Gross carrying amount	68,900	19	175,227	244,146
ECL	18	–	164,900	164,918
ECL rate	0.03%	N/A	94.11%	67.55%

Cash client receivables
As at 31 March 2021

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
LTV at 100% or above	–	134,896	45,035	179,931
LTV less than 100%	78,444	–	–	78,444
Gross carrying amount	78,444	134,896	45,035	258,375
ECL	9	10,896	38,036	48,941
ECL rate	0.01%	8.08%	84.46%	18.94%

Further details of the movements in ECL on loan receivables, cash client receivables and interest receivables are disclosed in Notes 18, 19 and 20 respectively, to the consolidated financial statements.

Other Income/(Expenses) and Gains/(Losses), net

The Group's other income and gains for the year was approximately HK$0.8 million, being an increase of approximately HK$2.6 million when compared to the other expenses and losses in the previous year of approximately HK$1.8 million. The change was mainly due to the increase in realised gain on disposal of equity investments at fair value through profit or loss of approximately HK$2.0 million during the year.

Gain on Disposal of Property, Plant and Equipment

Gain on disposal of property, plant and equipment for the year was approximately HK$41.3 million (2021: HK$nil). The change was mainly due to the Group's disposal of certain property, plant and equipment with the aggregate carrying amount of HK$36.5 million during the year.

Impairment of Goodwill

The Group engaged an independent professional valuer to determine the value-in-use of securities brokerage CGU. The recoverable amount of securities brokerage CGU is determined based on the value-in-use calculation which uses discounted cash flow method derived from financial budgets covering a 5-year period. Cash flows beyond the one-year period are projected for the next four-year period using the estimated growth in revenue. Thereafter, the cash flows are extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the business in which the CGU operate.

For the year ended 31 March 2022, the combined effect of the COVID-19 pandemic and the stock market volatility, market value of the pledged securities of clients decreased significantly and financial conditions of the counterparties deteriorated. As a result, the cash client receivables net of specific provision for credit-impaired clients of the securities brokerage CGU has decreased by approximately 64.0% compared to that for the year ended 31 March 2021. Accordingly, the valuer adjusted the revenue downward for the forecast period from the year ended 31 March 2023 to the year ended 31 March 2027 on the basis of the cash client receivables net of special provision for credit-impaired clients for the year ended 31 March 2022, and the corresponding forecast revenue growth rate ranges from -33.6% to 0.3%. Future cash flows are expected to be lowered than those projected in previous years due to deterioration in overall economic environment.

Based on the assessment, the recoverable amount of the securities brokerage CGU, as included in the financial services business segment, was determined to be approximately HK$5.0 million. The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of approximately HK$48.6 million was recognised in the profit or loss for the year ended 31 March 2022 (2021:HK$nil). No other write-down of the assets of the Securities Brokerage CGU was considered necessary.

Finance Costs

Finance costs for the year was approximately HK$6.2 million, being a decrease of approximately HK$1.7 million when compared to the previous year of approximately HK$7.9 million. The reduction was mainly attributable to the decrease in bank borrowings during the year.

Income Tax Credit

Income tax credit for the year was approximately HK$20.2 million (2021: approximately HK$12.5 million). The change was mainly due to the decrease in the assessable profits and increase in deferred tax assets for the year.

Loss for the Year

The Group recorded a loss of approximately HK$239.4 million for the Current Year, as compared to loss of approximately HK$93.4 million for the Last Corresponding Year.

Loss for the Year Attributable to Owners of the Company

The loss for the year attributable to the owners of the Company amounted to approximately HK$241.0 million (2021: approximately HK$93.1 million), resulted in a basic loss per share for the year of HK55.51 cent (2021: HK21.44 cent (after Share Consolidation)) and diluted loss per share for the year of HK55.51 cent (2021: HK21.44 cent (after Share Consolidation)).

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 2022 was approximately HK$14.7 million (31 March 2021: approximately HK$13.7 million). The overall inventories turnover days remained healthy and reasonable for the year under review. The Group recorded an impairment of inventories of approximately HK$1.6 million for the year ended 31 March 2022.

As at 31 March 2022, the Group's loan receivables amounted to HK$57.9 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$122.7 million for the year ended 31 March 2022.

The Group continues to closely monitor the settlements from its customers on an ongoing basis to manage the credit risk from time to time. As at 31 March 2022, include in the account receivables, there are trade receivables, cash client receivables and clearing house receivables, which amounted to HK$nil (31 March 2021: approximately HK$16.5 million), approximately HK$79.2 million (31 March 2021: approximately HK$209.4 million) and HK$0.1 million (31 March 2021: approximately HK$0.3 million), respectively. Trade receivables are arising from its trading 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 and recorded an expected credit loss on cash client receivables of approximately HK$116.0 million and no expected credit loss for clearing house receivables for the Current Year.

The Group has concentrations of credit risk from loan receivables from its customers of the money lending business. Interest income from the top five loan receivables constituted approximately 0.5% (2021: 0.9%) of the Group's revenue for the year ended 31 March 2022. The top five loan receivables accounted for approximately 93% (2021: 93%) of the gross loan receivables balances as at 31 March 2022. For the Group's money lending business, the Group manages and analyses the credit risk by making reference to the financial strength, purpose of borrowing, and repayment ability of each of the borrower before incepting business with them. The Group also reviews the latest financial capabilities of the borrowers in determining whether there is credit risk on the loan receivables at any point in time.

The Group has concentrations of credit risk from trade receivables from its customers of the trading business. The Group's five largest customers of the trading business in aggregate accounted for 95% (2021: 84%) of the Group's total gross account receivables of the trading business at 31 March 2022. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

The Group has concentrations of credit risk from cash client receivables from its customers of the securities business. The Group's five largest customers (excluding clearing house) of the securities business in aggregate accounted for 89% (2021: 82%) of the Group's total gross account receivables (excluding clearing house) of the securities business at 31 March 2022. The Group maintains frequent communications with these customers and reviews the recoverable amount for each individual account receivable of the securities business at each reporting date to ensure that adequate allowance for impairment is made for irrecoverable amounts.

Liquidity, Financial Resources, Working Capital and Treasury Policy

The Group maintained a solid financial position during the year. As at 31 March 2022, cash and cash equivalents of the Group amounted to approximately HK$46.7 million (31 March 2021: approximately HK$68.3 million), and the Group's net assets amounted to approximately HK$294.7 million (31 March 2021: approximately HK$533.9 million). As at 31 March 2022, there was approximately HK$177.4 million outstanding borrowings balance (31 March 2021: approximately HK$346.8 million).

As at 31 March 2022, non-current assets of the Group amounted to approximately HK$260.8 million (31 March 2021: approximately HK$341.5 million), the Group's current assets amounted to approximately HK$254.0 million (31 March 2021: approximately HK$594.5 million), and net current assets as at 31 March 2022 amounted to approximately HK$34.1 million (31 March 2021: approximately HK$192.5 million). As at 31 March 2022, the current ratio was approximately 1.2 (31 March 2021: approximately 1.5) (calculated by dividing the total current assets by the 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 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 31 March 2022 was approximately 30.7% (31 March 2021: approximately 30.8%).

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 were conducted by the Company during the year.

With effect from 18 March 2022, every ten (10) issued and unissued shares of par value of HK$0.000833 each in the share capital of the Company were consolidated into one (1) consolidated share of par value of HK$0.008333 of the Company (the "Share Consolidation"). Further details of the Share Consolidation are set out in the announcement of the Company dated 11 February 2022 and 17 March 2022 and the circular of the Company dated 24 February 2022.

As at 31 March 2022, the number of ordinary shares of the Company issued and fully paid was 438,478,200 (2021: 438,478,200 (after Share Consolidation)).

Capital Commitments

Other than disclosed in Note 36 to the consolidated financial information, the Group had no other capital commitments as at 31 March 2022.

Pledge of Assets

As at 31 March 2022, the Group's bank borrowings of HK$177.4 million is secured by Group's owned properties situated in Hong Kong of HK$209.1 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 year, the Group recorded a foreign exchange loss of approximately HK$0.5 million (2021: approximately HK$1.0 million). The Group manages its exposure to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the year, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep it at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2022.

Employees and Emolument Policy

As at 31 March 2022, the Group had a total of 28 employees. Employee benefits expenses, including Directors' remuneration for the year ended 31 March 2022, totally amounted to approximately HK$14.5 million (2021: approximately HK$17.3 million). The Group's remuneration policy is based on the position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme and a share award scheme for providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefits including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2022.

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. George LU, aged 59, our founder and Chairman of the Group. Mr. Lu has been the Chief Executive Officer ("CEO") of the Group since 2 June 2016. Mr. Lu is also a member of the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee of the Company. Mr. Lu is responsible for the overall management, operations and strategic development of the Group's business and has over 19 years of experience in the computer and peripheral products and electronics products industry. Mr. Lu is the spouse of Ms. Shen Wei, the Controlling Shareholder of the Company. Mr. Lu was the CEO, an executive director and the chairman of the board of directors of Qianhai Health Holdings Limited (stock code: 911), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") from May 2016 to May 2019. Mr. Lu has resigned as an Executive Director, Chairman and CEO with effect from 6 May 2022.

Mr. LIU Qiaosong, aged 33, was appointed as an Executive Director and Vice Chairman on 11 February 2022. Mr. Liu is chairman of the Corporate Governance Committee, and a member of the Remuneration Committee and the Nomination Committee since 6 May 2022. Mr. Liu has been the deputy general manager of the Company and the general manager of Huabang Securities Limited, a subsidiary of the Company since December 2019, and the director of Huabang Asset Management Limited since August 2020. Mr. Liu has nearly 10 years of experience in the fields of securities, asset management, investment and financing, etc. before joining the Company, Mr. Liu worked in institutions such as Taiping Financial Holdings Company Limited and BOCOM International Holdings Company Limited (stock code: 3329), a company listed on the Main Board of the Stock Exchange. Mr. Liu has obtained a master's degree from De Montfort University in the United Kingdom.

Mr. QU Hongqing, aged 52, was appointed as an Executive Director on 1 April 2022. Mr. Qu is a member of the Corporate Governance Committee since 6 May 2022. Mr. Qu has over 15 years of experience in the computer and peripheral products and electronics products industry. Mr. Qu is the supervisor and deputy general manager of Bodatong Technology (Shenzhen) Company Limited ("Bodatong") and a legal representative, an executive director and the general manager of Hangzhou Jing Xin Xin Xi Technology Company Limited ("Hangzhou Jing Xin"), both are wholly-owned subsidiaries of the Group. Mr. Qu joined Bodatong and Hangzhou Jing Xin in July 2007 and March 2018 respectively. Mr. Qu was responsible for the operation management of Bodatong and Hangzhou Jing Xin. Mr. Qu is the brother-in-law of Mr. George Lu and Ms. Shen Wei, spouse of Mr. George Lu and the controlling shareholder of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LOO Hong Shing Vincent, aged 56, was appointed as an independent Non-Executive Director in June 2012. Mr. Loo is the chairman of the Remuneration Committee, the Audit Committee and the Nomination Committee and a member of the Corporate Governance Committee of the Company. Mr. Loo has over 34 years of experience in the accounting, auditing, corporate finance and business advisory areas. Before joining the Group, Mr. Loo has over 17 years of auditing experience with PricewaterhouseCoopers in Hong Kong. Mr. Loo is currently the vice president, chief financial officer and company secretary of Cosmo Lady (China) Holdings Company Limited (stock code: 2298) since December 2016, a company listed on the Main Board of the Stock Exchange. Before joining Cosmo Lady (China) Holdings Company Limited, Mr. Loo was an executive director, chief financial officer and company secretary of Hengan International Group Company Limited (stock code: 1044), a company listed on the Main Board of the Stock Exchange. Mr. Loo is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.

Mr. ZHU Shouzhong, aged 65, was appointed as an independent Non-Executive Director of the Company on 2 October 2018. Mr. Zhu is a member of the Audit Committee of the Company. Mr. Zhu has over 30 years of substantial operation and management experience in the insurance industry. In 1978, Mr. Zhu joined the Lanxi Branch of the People's Bank of China. Mr. Zhu joined The People's Insurance Company of China ("PICC") in 1984. From 1984 to 2003, Mr. Zhu successively served as the deputy manager and manager of PICC Lanxi Branch, the deputy manager and manager of the Property and Casualty Division of PICC Zhejiang Provincial Branch, the general manager and party committee secretary of PICC Jiaxing Branch, and the deputy general manager and party committee member of PICC Zhejiang Provincial Branch. From 2004 to 2010, Mr. Zhu successively served as the general manager and party committee secretary in Zhejiang Provincial Branch and Shanghai Branch of PICC Property and Casualty Company Limited (stock code: 2328), a company listed on the Main Board of the Stock Exchange, and he was also the vice chairman of the Shanghai Insurance Association. In 2010, Mr. Zhu joined China Export & Insurance Corporation, Shanghai Branch as the general manager and party committee secretary and he retired in 2017. Mr. Zhu was awarded "Shanghai Labour Day Medal for Finance Industry" in 2016 by Shanghai Committee of Chinese Financial Workers' Union. Mr. Zhu is a master postgraduate and a senior economist. He graduated from Zhejiang University majoring in finance and obtained a master's degree in business administration from the Southern Cross University of Australia.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. LI Huaqiang, aged 64, was appointed as an independent Non-Executive Director of the Company on 1 November 2018. Mr. Li is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Li has served as a non-executive director of China Everbright Bank Company Limited (stock code: 6818), a company listed on the Main Board of the Stock Exchange, between September 2016 to June 2018. Mr. Li worked at Central Huijin Investment Limited ("CHI"), a state-owned investment company established in accordance with the PRC Company Law, and served as director of China Everbright Group Limited. Mr. Li served successively as an engineer of Zhuzhou Smelter Factory of China National Nonferrous Metals Industry Corporation, deputy secretary of the Communist Youth League Committee of the Main Plant, deputy director of the Second Plant and general manager of the joint venture in Shenzhen; assistant general manager and department director of Shenzhen Science and Industry Park Corporation Joint Venture Shenzhen (Moscow); deputy general manager of the Investment Banking Department of Guosen Securities Company Limited; chairman of the board of directors, secretary of CPC Committee and president of Founder Securities Limited; vice president of Huaxi Securities Company Limited and president and deputy CPC committee secretary of China Lion Securities Company Limited; designated director of CHI (serving at China Investment Securities Company Limited); vice chairman of the board of directors of CSC Financial Co. Ltd.; chief head of the First Division of Equity Management of Securities Institutions of Securities Institution Management Department/Insurance Institution Management Department of CHI. Mr. Li holds a Master's degree of EMBA from Peking University. He also obtained an external degree of DBA in Finance from California American University.

SENIOR MANAGEMENT

Mr. WONG Kwok Ming, aged 45, is the Managing Director and Chief Financial Officer of the Group. Mr. Wong is responsible for the overall financial management of the Group. Mr. Wong was appointed as the Chief Financial Officer and the Company Secretary of the Company since 2016. Mr. Wong has over 20 years of experience in the areas of auditing, accounting, taxation, capital markets, business advisory and corporate finance. Mr. Wong has worked at PricewaterhouseCoopers Hong Kong for over 10 years in audit and assurance department covering various industry sectors and he worked at a well-established and sizable manufacturing company as the chief financial officer after he left PricewaterhouseCoopers. Mr. Wong was also an executive director of Qianhai Health Holdings Company Limited (stock code: 911), a company listed on the Main Board of the Stock Exchange, from 2016 to 2019. Mr. Wong possesses a Master Degree in Accounting from Curtin University of Technology. Mr. Wong is a Practicing Certified Public Accountant in Hong Kong. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The Society of Chinese Accountants & Auditors.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in trading business and financial services business.

PRINCIPAL SUBSIDIARIES AND INTERESTS IN ASSOCIATES

Details of the principal subsidiaries and interests in associates as at 31 March 2022 are set out in Notes 15 and 16 to the consolidated financial statements respectively.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future development are provided in the Chairman's Statement and the Management Discussion and Analysis on pages 5 to 6 and pages 7 to 18 respectively of this annual report. This discussion forms part of this directors' report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 69 and 70 of this annual report.

Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: nil).

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 13 to the consolidated financial statements.

DONATIONS

No charitable donation was made by the Group during the year (2021: nil).

BORROWINGS

Details of the Group's borrowings as at 31 March 2022 are set out in Note 31 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 24 to the consolidated financial statements.

Details of the shares issued in the year ended 31 March 2022 are set out in Note 24 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association or the relevant law of the Cayman Islands, being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in Note 38(a) to the consolidated financial statements and the consolidated statement of changes in equity on pages 73 and 74, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company's reserves available for distribution to equity holders, comprising the share premium, contributed surplus, net of shares held for share award scheme and accumulated losses, amounted to approximately HK$98.4 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of HK$494.8 million may be applied for paying distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

DIVIDEND POLICY

The Company has a dividend policy. Under the dividend policy, the Company may declare dividends in any currency to the shareholders but no dividends shall exceed the amount recommended by the Board of Directors of the Company subject to the Companies Law of the Cayman Islands (as amended from time to time) (the "Companies Law") and the memorandum and articles of association of the Company (the "Articles"). In accordance with the applicable requirements of the Company Law and the Articles, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium.

In accordance with the applicable requirements of the Companies Law and the Articles, the Board may:

(a) from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company;

(b) pay half-yearly or at other intervals to be selected by the Board any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment; and

(c) from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as it thinks fit.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

(a) the Group's actual and expected financial performance and conditions and liquidity position;

(b) the shareholder's interests;

(c) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements and future expansion plans;

(f) statutory and regulatory restrictions;

(g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the dividend policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the dividend policy from time to time, and the dividend policy shall in no way constitute an assurance or a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend in any particular amount for any given period.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the top five customers and the largest one accounted for approximately 95.0% and approximately 82.2% respectively of the total sales for the year. Purchases from top five suppliers and the largest one accounted for approximately 98.5% and 53.2% respectively of the total purchases for the year.

None of the Directors, or any of their close associates or any shareholder (which of the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are aware that the Group is exposed to various risks, including some specific to the Group or the industries in which the Group operates. The directors managed that significant risks which may adversely affect the Group's performance and ability to deliver on its strategies, as well as those which may present positive opportunities, are identified, reported, monitored, and managed on a continuous basis. The financial risk management policies and practices of the Group are shown in Note 5 to the consolidated financial statements.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations and there was no material breach of or non-compliance with the applicable laws and regulations during the year.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. Regular and continuous communication with our suppliers, customers and other stakeholders is carried out through regular meetings, conferences, and promotional events.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining high environmental and social standards to ensure the sustainable development of its business and has complied with the relevant laws and regulations regarding its business including safe workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution, we has encouraged employees and other stakeholders to participate in environmental and social activities that benefit the whole community. The Group maintains strong relationships with its employees and has enhanced cooperation with its suppliers and has provided high quality products and services to its customers to ensure sustainable development. Our commitment to protecting the environment is also well reflected by our continuous efforts in promoting green awareness in our daily business operations. The Group encourages environmental protection and promotes an awareness of environmental protection among the employees and encourages the principle of recycling and reducing and putting efforts to implement green office practices. Detail of the Group's environmental, social and governance practices are in the "Environmental, Social and Governance Report" section of this annual report.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS

The Directors who were in office during the year and up to the date of this report are as follows:

Executive Directors
Mr. George Lu *(Chief Executive Officer and Chairman) (resigned on 6 May 2022)*
Mr. Liu Qiaosong *(Vice Chairman) (appointed on 11 February 2022)*
Mr. Qu Hongqing *(appointed on 1 April 2022)*
Ms. Shen Wei *(resigned on 4 August 2021)*

Non-Executive Director
Mr. Pang Chung Fai Benny *(resigned on 30 October 2021)*

Independent Non-Executive Directors
Mr. Loo Hong Shing Vincent
Mr. Zhu Shouzhong
Mr. Li Huaqiang

In accordance with Article 16.18 of the Articles of Association, Mr. Zhu Shouzhong will retire from office by rotation and being eligible, have offered himself for re-election at the forthcoming Annual General Meeting ("AGM").

In accordance with Article 16.2 of the Articles of Association, Mr. Liu Qiaosong and Mr. Qu Hongqing will also retire from office and being eligible, has offered themselves for re-election at the AGM.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent Non-Executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchanges of Hong Kong Limited ("Listing Rules"). The Company considers all of them to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 19 to 21 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in Notes 39 and 32 to the consolidated financial statements respectively.

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

As at 31 March 2022, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital (Note 2)
Mr. George Lu	Interest of spouse (Note 1)	245,033,600	55.88

(ii) Long positions in the shares of the associated corporations of the Company

Name of Director	Name of the associated corporation	Capacity/nature of interest	Number of shares of the associated corporation	Percentage of shareholding
Mr. George Lu	Forever Star Capital Limited	Interest of spouse (Note 1)	2 shares of US$1 each	100

Notes:

(1) There are 230,453,600 shares were registered in the name of Forever Star Capital Limited ("Forever Star"). Ms. Shen Wei holds 100% interest in Forever Star, a company incorporated in the British Virgin Islands. Ms. Shen Wei is also the beneficial owner of 14,580,000 shares. Mr. George Lu is the spouse of Ms. Shen Wei, and is therefore deemed to be interested in the same parcel of shares that Ms. Shen Wei has interests.

(2) The percentage holding is calculated based on the issued share capital of the Company as at 31 March 2022 comprising 438,478,200 shares.

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

As at 31 March 2022, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Divisions 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner	230,453,600	52.56
Ms. Shen Wei	Interest in controlled corporation (Note 1)	230,453,600	52.56
	Beneficial owner (Note 1)	14,580,000	3.32
Newpont Holdings Limited	Beneficial owner	23,100,000	5.27

Note:

(1) There are 230,453,600 shares were registered in the name of Forever Star, Ms. Shen Wei holds 100% interest in Forever Star, a company incorporated in the British Virgin Islands. Ms. Shen Wei is also the beneficial owner of 14,580,000 shares.

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

SHARE OPTION SCHEME

On 21 August 2013 ("the date of adoption"), the Company conditionally approved a share option scheme (the "Share Option Scheme") and refreshed on 24 February 2017, under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a trading day ("Offer Date"); (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company's shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing. The purpose of the Share Option Scheme is to recognize and motivate eligible persons to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group.

Pursuant to the Share Option Scheme, the participants of the scheme are, inter alia, executive, shareholder of any member of the Group, supplier, customer, consultant, business or joint venture partners, franchisee, contractor, agent, representative or service providers of any member of the Group, as may be determined by the Directors at their absolute discretion. Upon acceptance of the share option, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The maximum number of Shares issued and to be issued upon exercise of the options granted to any eligible person (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. An option may be exercised at any time during the period commencing immediately after the business day on which the share option is deemed to be granted in accordance with the Share Option Scheme but shall not exceed 10 years from the date of adoption. The Board may, at its absolute discretion, fix any minimum period for which a share option must be held. The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 August 2013.

Without take into account the effect of Share Consolidation, on 21 December 2016, the Group announced the granting of a total of 288,000,000 share options to selected employees and Directors under the Share Option Scheme. The exercise price of the granted options is HK$0.55 per share and number of 1,932,000 and 56,666,667 share options were exercised and forfeited during the year ended 31 March 2018 respectively. Reference is made to the announcement of the Company dated 28 August 2017 and 29 June 2018, the Group conditionally granted 85,000,000 share options to a former non-executive Director of the Company under the Share Option Scheme respectively, which the grants were subject to acceptance of the grantee and approval by the shareholders in general meeting. However, those share options have not been granted subsequently as the conditions were not being fulfilled, whereas, no share options were granted during the year ended 31 March 2018 and 31 March 2019. The number of share options of 101,500,000 and 127,901,333 were expired and lapsed accordingly as no share option were exercised by the employees during the year ended 31 March 2019 and 2020.

There was no outstanding options as at 1 April 2021 and as at 31 March 2022. No option was granted, exercised, cancelled or lapsed during the year ended 31 March 2022, details of accounting policies adopted for the share options are described in Note 3.12 and Note 25(a) to the consolidated financial statements. Taking into account the options granted but not accepted or the conditions of grant not being fulfilled, the total number of Shares available for issue under the Share Option Scheme is 21,565,600 (after Share Consolidation) representing approximately 4.92% of the total number of Shares as at the date of this annual report.

SHARE AWARD SCHEME

On 14 March 2019, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including executive directors), consultants or advisers of or to the Group and non-executive directors (including independent non-executive directors) of the Group (the "Selected Person(s)") pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme (the "Trust Deed"). The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 13 March 2029. The Share Award Scheme is subject to the administration of the Board of Directors and the trustee of the Share Award Scheme (the "Trustee") in accordance with the Share Award Scheme and the Trust Deed.

The Board of Directors shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board of Directors under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Board of Directors may contribute funds to the trust constituted by the Trust Deed (the "Trust") for the purchase or subscription of shares of the Company and other purposes set out in the Share Award Scheme and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed, and The Board of Directors may instruct the Trustee to purchase shares of the Company on the Stock Exchange and to hold them in trust for the benefit of the persons who are eligible for the Awarded Shares on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed (the "Eligible Persons"). The Trustee shall not exercise the voting rights in respect of any shares, including but not limited to the Awarded Shares, any bonus shares and scrip shares derived therefrom, held by it under the Trust.

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Person pursuant to the provision of the Share Award Scheme shall vest in such Selected Person in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the vesting date at no consideration.

During the Current Year, no ordinary share of the Company for the Share Award Scheme was acquired (2021: nil) and no Awarded Shares were granted to any Eligible Persons of the Group since the adoption of the Share Award Scheme (2021: nil). As at 31 March 2022, 4,274,400 shares of the Company were held by the trustee.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements that would enable the Directors, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during or at the end of the year ended 31 March 2022.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2022, 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2022.

DEED OF NON-COMPETITION

Each of Forever Star, Mr. George Lu, Ms. Shen Wei and Ms. Lau Wing Sze (together as the "Controlling Shareholders") had entered into a deed of non-competition dated 21 August 2013 (the "Deed of Non-Competition") in favour of the Company (for itself and on behalf of all members of the Group), pursuant to which, each of the Controlling Shareholders would not, and would use his/her/its best endeavours to procure his/her/its associates (except any members of our Group) not to directly or indirectly carry on, engage, participate or hold any right or interest in or render any services to or otherwise be interested and/or involved (in each case whether as shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which may be in competition with the business carried on by the Group from time to time, except where the Company's approval is obtained.

Details of the Deed of Non-Competition are set out in the section headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" of the Prospectus.

The Deed of Non-Competition given by Ms. Lau Wing Sze ceased to have effect when Ms. Lau Wing Sze ceased to be a director of the Company.

The Company confirms that each of Forever Star, Mr. George Lu and Ms. Shen Wei have complied with the Deed of Non-Competition throughout or up to the date she ceased to be an Executive Director during the year ended 31 March 2022 (as the case maybe). In order to ensure Forever Star, Mr. George Lu and Ms. Shen Wei have complied with the Deed of Non-Competition, Forever Star, Mr. George Lu and Ms. Shen Wei have provided to the Company a written confirmation that (i) in respect of his/her/its compliance with the Deed of Non-Competition for the year ended 31 March 2022 or up to the date she creased to be an Executive Director during the year ended 31 March 2022 (as the case maybe) and no personal interests were ever declared by Mr. George Lu and Ms. Shen Wei at the Directors' meetings; and (ii) stating that they and their respective associates did not directly or indirectly, carry on or hold any right or interests in or render any services to, or is otherwise involved in, any business which maybe in competition with the business carried on by the Group from time to time.

The independent Non-Executive Directors of the Company have also reviewed the status of the compliance by each of Forever Star, Mr. George Lu and Ms. Shen Wei with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there is no breach by any of Forever star, Mr. George Lu and Ms. Shen Wei of the undertakings in the Deed of Non-Competition given by them.

REPORT OF THE DIRECTORS

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of position, duties and performance of the employees.

The emoluments of the Directors are decided by the Board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

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 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 2022.

CONNECTED TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in Note 37 to the consolidated financial statements. As these related party transactions constitute fully exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, they are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained a sufficient public float (i.e. at least 25% of the issued shares were held by the public) throughout the Current Year and up to the date of this report.

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

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

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.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 35 to 45 of this annual report.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2022 and as at 31 March 2022, the Company has purchased liabilities insurance for the Directors and officers, which provides appropriate insurance cover for the Group's directors and officers. A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2022.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2022 complies with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

AUDITOR

The Company has appointed Baker Tilly Hong Kong Limited as the auditor of the Company with effect from 28 February 2020 to fill the casual vacancy due to the resignation of Ernst & Young.

The consolidated financial statements for the year ended 31 March 2022 have been audited by Baker Tilly Hong Kong Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint Baker Tilly Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

Save as the above, there has been no other change in the auditor of the Company in the preceding three years.

On behalf of the Board

Liu Qiaosong
Vice Chairman

Hong Kong, 17 June 2022

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors. In this regard, a Corporate Governance Committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

The Company has adopted the requirements under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had complied with the code provisions set out in the CG Code for the Current Year, to the extent applicable and permissible with the exception of the deviation as set out under "Chairman and Chief Executive Officer" and "Audit Committee" below.

Accordingly, the Board is pleased to present the Corporate Governance Report for the Current Year.

DIRECTORS' SECURITIES TRANSACTIONS

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. Having made specific enquiries of all Directors, all the Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by Directors during the Current Year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's overall businesses, strategic decisions and performance.

The respective responsibilities, accountabilities and contributions of the Board and the Company's management have been divided through the adoption of a list of matters reserved for the Board (which has been reviewed by the Board annually to ensure that the list would remain appropriate to the needs of the Company), as opposed to other matters which could be delegated to the management from time to time. The list of matters reserved for the Board covers (among other things) the Group's strategy, objectives, business plans, budgets and overall management; changes in capital structure or corporate structure; approval of dividend policy and declaration of interim and final dividends, as appropriate; major investments; and approval of internal policies, codes and guidelines.

Subject to the foregoing, the Board has delegated its powers to the management for the daily management and operations of the Group. In addition, the Board has delegated its powers to the Board committees. The Board has four Board committees, namely the remuneration committee, the audit committee, the nomination committee and the corporate governance committee, each of which discharges its functions and duties in accordance with the respective terms of reference with reference to the relevant provisions under the CG Code.

The Board currently comprises five Directors, with two Executive Directors and three independent Non-Executive Directors. The Directors who were in office during the Current Year and up to the date of this report are as follows:

Executive Directors
Mr. George Lu *(Chief Executive Officer and Chairman) (resigned on 6 May 2022)* (Note)
Mr. Liu Qiaosong *(Vice Chairman) (appointed on 11 February 2022)*
Mr. Qu Hongqing *(appointed on 1 April 2022)*
Ms. Shen Wei *(resigned on 4 August 2021)* (Note)

Non-Executive Director
Mr. Pang Chung Fai Benny *(resigned on 30 October 2021)*

Independent Non-Executive Directors
Mr. Loo Hong Shing Vincent
Mr. Zhu Shouzhong
Mr. Li Huaqiang

Note: Mr. George Lu and Ms. Shen Wei are spouse.

The biographical details of the Directors and relationship between them (if any) are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 19 to 21 of this annual report.

The Articles of Association provide that one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management and corporate governance functions. The Executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent Non-Executive Directors provide their professional advices to the Group whenever necessary.

Composition of the Board, including names of the independent Non-Executive Directors, is disclosed in all corporate communications to shareholders of the Company.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

ATTENDANCE OF DIRECTORS AT MEETINGS

The Board held five Board meetings and three general meetings (including one annual general meeting and two extraordinary general meetings) for the year ended 31 March 2022.

The attendances of the Directors at various meetings held during the Current Year are set out below:

	Number of meetings attended/eligible to attend					
	General meetings	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Corporate Governance Committee meetings
Mr. George Lu[1, 3, 7] *(resigned on 6 May 2022)*	3/3	5/5	N/A	2/2	2/2	1/1
Mr. Liu Qiaosong[1, 3] *(appointed on 11 February 2022)*	1/1	N/A	N/A	N/A	N/A	N/A
Ms. Shen Wei *(resigned on 4 August 2021)*	1/1	1/1	N/A	N/A	N/A	N/A
Mr. Pang Chung Fai Benny *(resigned on 30 October 2021)*	2/2	3/3	N/A	N/A	N/A	N/A
Mr. Loo Hong Shing Vincent[2, 4, 6, 7]	3/3	5/5	2/2	2/2	2/2	1/1
Mr. Zhu Shouzhong[5]	3/3	5/5	2/2	N/A	N/A	N/A
Mr. Li Huaqiang[1, 3, 5]	3/3	5/5	2/2	2/2	2/2	N/A

Notes:

1. Member of Remuneration Committee
2. Chairman of Remuneration Committee
3. Member of Nomination Committee
4. Chairman of Nomination Committee
5. Member of Audit Committee
6. Chairman of Audit Committee
7. Member of Corporate Governance Committee

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In accordance with A.6.5 of the CG Code with regards to continuous professional development, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. To further ensure all Directors are adequately informed about the Company's business and operations as well as his/her responsibilities under relevant laws, rules and regulations, the management provides all Directors with regular updates regarding the Company's performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

The management encouraged all Directors to actively participate in continuous professional development by way of a combination of in-house training, attending webinars, seminars, briefings, conference, forums, workshops or other appropriate courses and distribution of relevant reading materials, newsletters and publications, to (i) develop and refresh their knowledge and understanding of the Group and its business; (ii) update their skills and knowledge with respect to the latest development or changes in the relevant commercial, legal and regulatory statutes, the Listing Rules and corporate governance practices; and (iii) enhance their awareness on the responsibilities for a director of a listed corporation.

The Directors received the following training for the year ended 31 March 2022 according to the records provided by the Directors:

Directors	Training on corporate governance, regulatory development and other relevant topics
Executive Directors	
Mr. George Lu *(Chief Executive Officer and Chairman) (resigned on 6 May 2022)*	✓
Mr. Liu Qiaosong *(Vice Chairman) (appointed on 11 February 2022)*	✓
Ms. Shen Wei *(resigned on 4 August 2021)*	✓
Non-Executive Director	
Mr. Pang Chung Fai Benny *(resigned on 30 October 2021)*	✓
Independent Non-Executive Directors	
Mr. Loo Hong Shing Vincent	✓
Mr. Zhu Shouzhong	✓
Mr. Li Huaqiang	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

Throughout the year ended 31 March 2022, Mr. George Lu was the Chairman and also the CEO of the Company. 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. Reference is made to the announcement of the Company dated 6 May 2022. Mr. George Lu has resigned as an Executive Director, Chairman and CEO of the Company with effect from 6 May 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent Non-Executive Directors, all of them have appropriate professional qualification or related financial management expertise. The Company has received a written confirmation of independence from each of the independent Non-Executive Directors. The Company considers that each of the independent Non-Executive Directors is independent.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All the Non-Executive Director and independent Non-Executive Directors have signed letters of appointment with the Company with a term of three years.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each Director of the Company has either entered a service contract with the Company or has an appointment letter. The Directors were appointed for a term of three years unless terminated by either party by a specific months of notice in writing. Under the service contract, the initial annual emoluments of each Executive Director is fixed and the remuneration payable to each of them will be reviewed by the Board each year.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. Pursuant to the Company's Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. Pursuant to the Company's Articles of Association, at each annual general meeting, one third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one third), shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages of the Directors and senior management of the Company to the Board for approval. The Company'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 performance appraisal system varies according to the positions of the employees. During the Current Year, the performance appraisal is supervised by each member of the Remuneration Committee, namely Mr. Loo Hong Shing Vincent (Chairman), Mr. George Lu and Mr. Li Huaqiang.

The Remuneration Committee comprises two independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Remuneration Committee, Mr. Li Huaqiang and an Executive Director, namely Mr. George Lu.

During the Current Year, two meeting of the Remuneration Committee was held to make recommendation to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management and on the establishment of a procedure for developing policy on such remuneration; and determine or recommend to the Board on the remuneration packages of all the Executive Directors and the senior management, and recommend to the Board of the remuneration of the Non-Executive Directors. All members of the Remuneration Committee attended all meeting held during the Current Year.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration by band of the members of the Directors and senior management of the Company, for the year ended 31 March 2022, are set out below:

Band of remuneration (HK$)	Number of individuals
HK$0 to HK$1,000,000	6
HK$1,000,001 to HK$1,500,000	0
HK$1,500,001 to HK$2,000,000	2

NOMINATION COMMITTEE

The Board has established a Nomination Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company.

The Nomination Committee is responsible for reviewing the Board composition, Board diversity, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of independent Non-Executive Directors.

The Nomination Committee reviews the structure, size and composition of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Where vacancies on the Board exist, the Nomination Committee will carry out the selection process based on the Company's nomination policy by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs, the Board Diversity Policy and other relevant statutory requirements and regulations.

During the Current Year, the Nomination Committee comprises two independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Nomination Committee, Mr. Li Huaqiang, and an Executive Director, namely Mr. George Lu.

During the Current Year, two meetings of the Nomination Committee were held to review the structure and composition of the Board, identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, review of the board diversity policy and revise written terms of reference to the Nomination Committee. All members of the Nomination Committee attended all meetings held during the Current Year.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of Board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Directors appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The board diversity policy provides that the Board shall take opportunities to balance our Board members' gender diversity over time when selecting and making recommendations on suitable candidates for Board appointments, with the ultimate goal of bringing our Board to gender parity. Currently, all members of the Board are male. To achieve gender diversity on the Board, the Board will appoint a female member no later than 31 December 2024. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for board appointments. The Company has also taken and continues to take steps to promote diversity at all levels of its workforce. As at 31 March 2022, our total workforce comprised approximately 54% female and 46% male.

AUDIT COMMITTEE

The Board has established an Audit Committee with its role and function set out in its written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. All of the committee members are independent Non-Executive Directors with the chairman of who possesses the appropriate professional qualifications and accounting experience. The principal duties of the Audit Committee include the following:

(i) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board.

(ii) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(iii) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

(iv) To review arrangements which employees of the Company can use to raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the Current Year, the Audit Committee comprises three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of Audit Committee, Mr. Zhu Shouzhong and Mr. Li Huaqiang. The Audit Committee held two meetings during the Current Year to review interim results, annual results, financial reporting and compliance procedures, risk management and internal control system of the Group. The Audit Committee has also made recommendations to the Board on the re-appointment of the external auditors after reviewing the scope of work offered, taking into account their remuneration and terms of engagement. Two of the meetings were attended with the Company's independent auditor so that the members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor. All members of the Audit Committee attended all meetings held during the Current Year.

Under Code Provision D.2.5 of the CG Code, the Company should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective and adequate by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditors of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

Procedures and Controls over Handling and Dissemination of Inside Information

With respect to the procedures and internal controls for the handing and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorised use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the ''Guidelines on Disclosure of Inside Information'' issued by the Securities and Futures Commission in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

CORPORATE GOVERNANCE COMMITTEE

The Board has established a Corporate Governance Committee with its role and function set out in its written terms of reference in accordance with the provisions set out in the CG Code and Corporate Governance Report as set out in the Listing Rules, which are posted on the websites of the Stock Exchange and the Company.

Its primary functions include: (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of the Group; (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report as required under Appendix 14 to the Listing Rules; and (vi) to consider other matters, as authorised by the Board.

During the Current Year, the Corporate Governance Committee comprises senior management of the Company, namely Mr. Wong Kwok Ming as the Chairman of the Corporate Governance Committee, an independent Non-Executive Director, namely Mr. Loo Hong Sing Vincent and an Executive Director, namely Mr. George Lu. The Corporate Governance Committee held one meeting during the Current Year and each committee member had full attendance for all the meetings.

CORPORATE GOVERNANCE FUNCTIONS

The Board and the Corporate Governance Committee have reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the training and continuous professional development of Directors and senior management and reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements during the Current Year.

CONFLICTS OF INTEREST

If a Director has a conflict of interest with a transaction or proposal to be considered by the Board, such Director is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction. The Group also adopted certain internal control policies to manage potential conflicts of interest.

COMPANY SECRETARY

Mr. Wong Kwok Ming, the company secretary of the Company, is a full-time employee of the Group and has day-to-day knowledge of the Company's affairs. The company secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the company secretary are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of its profit and cash flows for the year ended 31 March 2022. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The responsibilities of the auditor of the Company, Baker Tilly Hong Kong Limited, are set out in the section headed "Auditor's responsibilities for the audit of the consolidated financial statements" in the Independent Auditor's Report on pages 67 to 68 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has the overall responsibilities for the internal control of the Group, including risk management. To facilitate effective and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphases on the importance of the risk management and internal control system which is also indispensable to mitigating the Group's risk exposures. The Group's risk management and internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives.

The risk management and internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory. The Audit Committee oversees the risk management and internal control system of the Group and communicates any material issues with the Board.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

The Board has conducted review of the effectiveness of the risk management and internal control system and is of the view that the risk management and internal control system adopted during the year ended 31 March 2022 is sound, adequate and effective to safeguard the interests of the shareholders and the Group's assets.

AUDITOR'S REMUNERATION

The auditor, Baker Tilly Hong Kong Limited, has provided both audit and non-audit services to the Group. The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the independent auditor.

For the year ended 31 March 2022, the fee for audit service and non-audit services provided to the Group amounted to approximately HK$1.0 million and HK$0.1 million respectively (2021: HK$1.0 million and HK$0.1 million, respectively).

CONSTITUTIONAL DOCUMENTS

During the Current Year, there is no significant change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

During the Current Year, the Company strives for maintaining effective and on-going communication with and timely disclosing useful information to the shareholders and potential investors of the Company.

To ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company had established a shareholders' communication policy and reviewed its implementation regularly to ensure its effectiveness.

The Company provides information in relation to the Group to the shareholders in a timely manner through a number of formal channels, including the annual general meeting, interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website (www.huabangtechnology.com).

Subject to applicable laws and regulations, including the Listing Rules and the Articles of Association as amended from time to time, shareholders may convene a general meeting/put forward proposals in accordance with the following provisions:

1. One or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings can deposit a written request to convene an extraordinary general meeting ("EGM") at the principal place of business of the Company in Hong Kong, for the attention of the Board or the Company Secretary.

2. The written request must state the name of the shareholders concerned, their respective shareholdings, the objects of the meeting, including details of the business(es) and resolutions proposed to be considered and approved at the meeting, signed by the shareholders concerned.

3. The request will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.

4. If within 21 days of such deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

5. The notice period to be given to the shareholders in respect of the EGM varies according to the nature of the proposal. Notice of the EGM at which the passing of a special resolution is to be considered, notice of the EGM shall be arranged to be sent to the shareholders at least 21 clear days or 10 clear business days (whichever is longer) before such EGM.

Procedures for shareholders sending enquiries to the Board

1. *Enquiries about shareholdings*
   Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or go in person to its public counter at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. *Enquiries about corporate governance or other matters to be put to the Board and the Company*
   The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board or Company Secretary, by mail to 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2314 0822 for any assistance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Huabang Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") hereby presents this Environmental, Social and Governance ("ESG") report ("ESG report") for the year ended 31 March 2022 (the "Year"), in order to comply with the requirements set forth in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited. This report provides an overview of the Company's policies implementation and performance with respect to sustainable development and social responsibilities areas.

The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management of the Group has provided a confirmation to the Board on the effectiveness of the related system and will continue to review the scope of report regularly according to its materiality principles and the key stakeholder's opinions, and will extend the scope in the future if necessary.

The reporting scope of the ESG Report includes the Company and its subsidiaries, unless otherwise specified, the environmental key performance indicators ("KPIs") of this report cover the operations of the Group's offices in Hong Kong, accountable for almost all of the Group's revenue, while excluding the operations in the People's Republic of China (the "PRC"), due to the operations of the PRC subsidiaries is not material. The Group is primarily engage in trading business and financial services business.

APPROACH AND STRATEGY

The Group believes in delivering long term sustainable value creation to our shareholders. In doing so, while we carry on our business, we make choices that bring positive impacts to the communities. We have adopted a sustainability policy which covers employment and labour practices, business integrity, the environment and the community. The Group is committed to support good environmental standards and to ensure implementation of environmental-friendly measures.

REPORTING PRINCIPLES

Materiality:

Important and relevant information to stakeholders on different ESG aspects is covered in this report, and relative importance of ESG topics has been determined through materiality assessment and approved by the Board.

Quantitative:

Quantitative information is provided in this report, and where appropriate, with narrative and comparative data to assist readers in meaningful interpretation of figures and enable them to perform fair assessment of the Group's ESG performance.

Consistency:

Consistent methodologies (as presented in previous reports) are used to prepare and present ESG data provided in this report, unless otherwise specified.

Balance:

Unbiased information is provided in this report, without the inappropriate use of selections, omissions or presentation formats that would mislead the readers.

STAKEHOLDERS' ENGAGEMENT

The Group understand stakeholder engagement is a critical element to the success of the Group. To conduct the Group's materiality assessment in identifying and understanding the main concerns and material interests of stakeholders. We communicate with stakeholders from all circles on a regular basis, constantly collect their suggestions and feedback, and fully comprehend their opinions on the Group's performance and expectations on and demands for the Group by establishing different channels such as general meetings, annual reports, announcements, and company website.

The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with stakeholders:

Stakeholder	Expectation	Engagement channel	Measure
Shareholders and Investors	• Robust operational compliance • Good returns on investment • Disclosure of information in a fair, transparent and timely manner	• Annual general meeting and other shareholder meetings • Interim reports, annual report, announcements • Company's website • Meeting with investor	Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements, circulars, interim report and annual report in the Year. Carried out different forms of investor activities with an aim to improve investors' recognition. Disclosed company contact details on website and in reports and ensured all communication channels available and effective.
Government, public and communities	• To comply with the laws • Ensure safety, environmental protection and social responsibility	• On-site inspections and checks • Discussion through work reports preparation and submission for approval	Operated, managed according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation, and actively undertook social responsibilities.

Stakeholder	Expectation	Engagement channel	Measure
Employees	• Safeguard the rights and interests of employees • Salary and welfare • Working environment • Career development opportunities • Health and safety • Training and briefing sessions	• Policies and procedures • Channels for employees to express their opinions • Performance assessment • Team activities	Provided a healthy and safe working environment; established policies and procedures according to local labour law; developed communication channel with management; developed a fair mechanism for promotion; cared for employees by helping those in need and organizing employee activities.
Customers	• Assurance on quality and quantity of product • Stable relationship • Group's reputation and brand image • Market demand	• Site visit • Email and customer service • Regular meetings	Organised marketing activities and site visit.
Suppliers/Partners	• Long-term partnership • Honest cooperation • Fair and open policy • Information resources sharing • Timely payment	• Strategic cooperation • Regular meetings and visits • Tendering process	Invited tenders to select best suppliers and contractors, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors.

Stakeholder	Expectation	Engagement channel	Measure
Peer/Industry associations	• Experience sharing • Corporations • Fair competition	• Industry conference • Site visit • Website	Stuck to fair play, cooperated with peers to realise winwin, shared experiences and attended seminars and meetings of the industry so as to promote sustainable development of the industry.

Stakeholders' valuable opinions regarding the Group's policies and approaches in terms of sustainable development are the vital driving force for the Group's continuous improvement. The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please mail to the Group's office at 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

MATERIALITY ASSESSMENT

Materiality assessment was conducted in accordance with the expectation and feedback from the key stakeholders. Based on the assessment, the management of the Group prioritises employees' rights and obligations and product responsibility as material aspects of the long-term sustainability. Effective internal control systems on these aspects are reinforced with the aim of enhancing efficiency of operations and generating the environmental and social benefits to our stakeholders.

ENVIRONMENT

The Group mainly engaged in trading business and financial services business in Hong Kong, while it does not constitute any significant impact to the environment and does not generate any material level of greenhouse gas ("GHG") or any material hazardous and non-hazardous waste. The Group has developed a guidance memorandum regarding environmental protection practices in relation to air and GHG emissions, use of resources, waste discharges and generation of hazardous and non-hazardous waste, which will be reviewed annually and delivered to staff. The Group upholds its commitment to sustainable development and complies with relevant laws and regulations on environmental protection. We encourage our employees to focus on and enhance their awareness of environmental protection. The Group strives to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. We are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to enhance their awareness on environmental protection and complying with the relevant environmental laws and regulations.

In order to mitigate the environmental impacts produced by the Group's operation, we have adopted and implemented relevant environmental policies. These policies apply the emission mitigation principle as well as the use of resources and waste management principle of "Reduce, Reuse, Recycle and Replace", with the objectives of minimizing the adverse environmental impacts and ensuring the emission being generated or waste disposed are managed in an environmentally responsible manner. The Group mainly consumed petrol, electricity, water and paper during the Year.

The Group strives to comply with all relevant environmental laws and regulations that are applicable to its business operation. The Group also pays attention to the regional and international update of the climate-related issues. As the Group's business does not involve industrial production activities in nature, there is no significant impact on the climate-related issue, environment and natural resources arising from its business operations. Its business does not involve in the production-related air, water, or land pollutions which are regulated under the laws and regulations of Hong Kong.

During the reporting period, the Group did not identify any material non-compliance with related environmental laws and regulations. The Group has not violated any environmental laws or regulations, nor has any compliant, penalty, or sanctions been imposed upon the Group for the violation of any environmental laws or regulations.

Emissions

The Group was principally engaged in (i) trading business and (ii) financial services business. Based on the aforesaid, the Group's operations is not expected to have a significant impact on the environment arising from its operating activities and will not generate hazardous pollutants. The Group's major sources of air emissions and greenhouse gas emissions were originated from petrol consumed by vehicles, consumption of purchased electricity and business air travel by employees. The Group has developed guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educates employees to turn off engines for idling vehicles, and conducts regular vehicle inspections and maintenance to enhance vehicle efficiency.

The Group targets to minimise hazardous emissions, the Group has developed measures and encourages its employees to:

1. Take public transport instead of driving during travels, whenever possible, to reduce vehicle exhaust emissions;

2. Use telephone or video conferencing to replace business trips as far as feasible to reduce carbon emissions;

3. Take the eco-friendly modes of transportation that have low levels of pollution, such as railway lines, trams, LPG minibuses, etc.; and

4. Use environmentally-friendly cleaning agents to reduce water pollution.

The Group is not aware of any circumstances arising from its business operations leading to significant air pollution, water pollution and land pollution and generation of hazardous waste during the Year.

I. *Air emissions*

Due to our business nature, the Group considers the relevant air emissions generated are not expected to be significant. The Group's major sources of exhaust gas emissions were originated from petrol consumed by vehicles. Petrol was used in private cars for business meetings and travels. The Group has developed guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educate employees to turn off engines for idling vehicles, and conduct regular vehicle inspections and maintenance to enhance vehicle efficiency. For the year ended 31 March 2022, the air emissions of Nitrogen Oxides (NOx), Sulphur Oxides (SOx) and Particulate Matter (PM) was 2,582.0g, 70.5g and 190.1g (2021: 2,540.6g, 88.5g and 187.1g) respectively, representing an increase/(decrease) of 42g, (18)g and 3g respectively.

II. *Greenhouse gas emissions*

The major sources of the Group's GHG emissions were (i) direct GHG emissions generated from petrol consumed by vehicles (Scope 1), (ii) indirect GHG emissions from consumption of purchased electricity (Scope 2) and (iii) other indirect GHG emission from paper use and business air travel by the employees (Scope 3). For the year ended 31 March 2022, the summary of GHG emission from the Group's operation are as follows:

Type of GHG emissions	**Equivalent Carbon dioxide (CO_2) emission**		
	2022	2021	Increase/(decrease)
Scope 1 – Direct emissions	**11.3 tonnes**	14.2 tonnes	(2.9) tonnes
Scope 2 – Indirect emissions	**42.8 tonnes**	43.3 tonnes	(0.5) tonnes
Scope 3 – Other indirect emissions	**2.0 tonnes**	2.8 tonnes	(0.8) tonnes
Total GHG emissions	**56.1 tonnes**	60.2 tonnes	(4.1) tonnes
Total GHG emission intensity	**2.0 tonnes/employee**	1.6 tonnes/employee	0.4 tonnes/employee

The Group has set the emission target for the coming year to maintain the emission intensity level as in the current year. In order to achieve this emission target, the Group will continue to implement a number of emission reduction measures as mentioned in the section headed "Emissions".

III. *Waste management*

The Group's operations do not produce any hazardous waste. The non-hazardous wastes generated by the Group were mainly papers and solid wastes generated in our offices during our operation. During the reporting period, the Group took necessary steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the energy consumption and carbon emissions, and seeks to find less harmful ways to protect the environment in the operations. Our internal guidelines have complied with all the relevant laws and regulations applicable to our operations under different jurisdictions. In order to ensure the sustainability of the environment, the Group has instilled the attitude of "Less Use and Less Waste" to advocate the waste reduction, and used the concept of "Reduce, Reuse, and Recycle" to improve the utilization of energy and resources and achieve the benefit of economic efficiency. During the reporting period, the Group has devoted substantial efforts to waste management by minimising solid waste to landfills through waste reducing, waste reusing and waste recycling. One of the essential measurements is through promoting the importance of waste reduction among the employees of the Group through training and education. Going paperless is always our key message passed to the employees of the Group and they are encouraged to use electronic copies for filing purpose and use recycled papers for printing in order to reduce waste. Our efforts to reduce paper usage include implementing paperless e-Payroll systems. In addition, to strengthen the support for waste recycling, the Group sets up a collection area to collect waste paper for recycling. The Group will provide guidance to the employees to develop a recycling habits not just only at work, but also in their daily life and influence their surroundings by their actions.

Due to the Group's business nature, the non-hazardous waste and hazardous waste are not deemed to be material to the Group's business. No related statistics of both non-hazardous waste and hazardous waste produced were recorded. The Group has set a target for the coming year to maintain minimal and immaterial non-hazardous waste and hazardous waste same as the current year. In order to achieve this target, the Group will continue to take steps to monitor the waste management as mentioned above. We shall closely follow regulatory changes and update our disclosure accordingly in the future.

Use of Resources

The resources used by the Group for its operations are mainly electricity consumption, petrol consumption, water consumption and paper consumption. In order to uphold its commitment to sustainable development, the Group educates its employees to be aware on energy and resources conservation and environmental protection. The Group's employees have kept the use of resources to a minimum through various green practices.

I. *Electricity consumption*

The world is facing historic global warming challenges and the Group strives to save energy and resources to create a low-carbon and operate in all our business sectors in a sustainable way. The following guidelines have been developed by the Group to aim to minimize the electricity consumption:

1. Use of energy-efficient lights and electrical appliances in office workplace.
2. Staff are encouraged to dress in smart casual and indoor temperature is maintained at around 25°C in the summer time.
3. Turn off some lights and air conditioning during lunch hours and non-office hours.
4. Enable the "Standby" or "Sleep" mode of printers and computers.

For the year ended 31 March 2022, the electricity consumption by offices of the Group is as follows:

Use of resources:	**Electricity consumption**		
	2022	2021	Increase/(decrease)
Direct consumption:	**64,831 Kilowatt per hour**	65,555 Kilowatt per hour	(724) Kilowatt per hour
Intensity:	**2,315 Kilowatt per hour/employee**	1,725 Kilowatt per hour/employee	590 Kilowatt per hour/ employee

II. *Petrol consumption*

Petrol was consumed by the vehicles of the Group for its daily operation. Petrol was used in private cars for business meetings and local travels. The Group has developed guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educate employees to turn off engines for idling vehicles, and conduct regular vehicle inspections and maintenance to enhance vehicle efficiency.

For the year ended 31 March 2022, the petrol consumption by vehicles of the Group is as follows:

Use of resources:	**Petrol consumption**		
	2022	2021	Increase/(decrease)
Direct consumption:	**4,797.4 Litres**	6,019.7 Litres	(1,222.3) Litres
Intensity:	**171.3 Litres/employee**	158.4 Litres/employee	12.9 Litres/ employee

III. Water consumption

Water consumption included only consumption from offices of the Group for its operation. The Group regularly reminds its staff to conserve water resources through publishing notices and reminders. To reduce water consumption, staff are reminded to control tap flow and report any dripping taps or water leakage to relevant department promptly. Since the Group only focuses on office operations, there are no issues in sourcing water that is fit for the purpose.

For the year ended 31 March 2022, we followed the practice of last year to measure the data for water usage for comparison. The water consumption by offices of the Group is as follows:

Use of resources:	**Water consumption**		
	2022	2021	Increase/(decrease)
Direct consumption:	**107 Cubic meter**	98 Cubic meter	9 Cubic meter
Intensity:	**3.8 Cubic meter/ employee**	2.6 Cubic meter/ employee	1.2 Cubic meter/ employee

IV. Use of paper

The Group prioritises to consume environmental-friendly and sustainable products for its office supplies and encourage recycling in its operations. The Group's existing business does not involve producing packaging material used for finished products. The Group's existing businesses are not expected to pose a significant use of packaging materials; however, the Group has developed guidelines to the employees to reduce usage of paper. The Group recommends the employees to handle the informal documents electronically and to use double-sided printing for any documents other than formal and confidential documents. Re-using single-sided paper and recycling doubled-sided used paper are also required. For the year ended 31 March 2022, the Group consumed 400 kg (2021: 475 kg) of printing paper, representing a decrease of 75 kg of printing paper. The paper consumption intensity was 14.3 kg per employee (2021: 12.5 kg), representing an increase of 1.8 kg per employee.

The Group has set a target for the coming year to maintain a similar level of electricity consumption, petrol consumption, water consumption and paper consumption as in the current year. The Group will continue to implement various measures as mentioned above in order to achieve this target.

Environment and Natural Resources

Although the core business of the Group has limited impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, we recognise the responsibility in minimising the negative environmental impacts of our operations in achieving sustainable development to generate long-term values to our stakeholders and community. The Group is committed in building an environmental-friendly corporation that pays close attention to conserve natural resources. To incorporate environmental sustainability into the Group's operations, the Group strives to minimise its environmental impact and move forward to a low-carbon future.

Regulatory Compliance

For the year ended 31 March 2022, the Group did not have any material non-compliance issues in respect of any applicable laws and regulations on environmental protection relating to air, GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste. The Group's management continuously oversees the implementation of relevant policies and measurements. In addition, the Group's management will adjust and reform the policies from time to time to ensure the achievement of better results.

Climate Change

Climate change is one of the challenges facing the world. Rising temperatures and extreme weather are threatening society and our business operations. The Group regularly reviews the impact of climate change on its daily business operations. It is committed to adopting various environmentally-friendly operating measures to reduce greenhouse gas emissions and the pressure caused by global climate change. At the same time, we will actively assess and manage climate-related operational risks and improve our ability to adapt to climate change.

Since our major business operation is carried out on office premises, climate change does not have a direct significant impact on the business. The Group may experience productivity loss due to an increase in extreme weather conditions, such as super typhoons and heavy rainstorms. Under the extreme weather events, the safety of our employees is threatened and our office may be damaged, which may cause disruption to the normal business operations of the Group. To minimise the potential risks, the Group adopts flexible working arrangements and employees may work from home in adverse weather conditions, if applicable.

SOCIAL

Employment and Labour Practices

Employment

The Group treasures talent as it is one of the most valuable assets and keys for driving success and maintaining sustainable development. The Group strives to provide its staff with a safe and competitive platform for career development and advancement.

The Group strictly complies with the relevant laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits set out in the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China as well as the Employment Ordinance, Employees' Compensation Ordinance, and Minimum Wage Ordinance of Hong Kong. In addition, the Group reviews and updates its employment practices and internal guidelines on a regular basis to comply with the latest regulatory requirements.

The Group strictly prohibits the recruitment of child labor or forced labor, by strictly compliance in accordance with the Law of the People's Republic of China on the Protection of Minors, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, and the Implementing Regulations of the Employment Contract Law of the PRC as well as the Employment of Children Regulations of Hong Kong, the Group will examine the identification documents of job seekers during recruitment to ensure that they qualify for corresponding posts. To further protect the rights and interests of employees, the Group signs contracts with all employees, which stipulate wages, benefits, working hours, holidays, employee responsibilities, dismissal and so on, to ensure that the Group and employees have the same understanding of operating posts and conditions.

The Group contributes to mandatory provident fund, employees' compensation insurance, social insurances and housing fund for all the staff in a timely manner. The Group determines working hours and rest periods for employees in line with relevant employment laws and employment contracts with employees. In addition to statutory holidays such as the basic paid annual leave, employees are also entitled to maternity leave.

During the Year, the Group is not aware of any non-compliance with the laws or regulations relating to employment and labour practices that have a significant impact on the Group.

To attract high-calibre workforce, the Group offers competitive and fair remuneration and benefits based on individuals' performance, professional qualifications and experiences. In order to motivate and reward existing management and employees, the Group conducts regular salary review to ensure that its staff are recognised by the Group with regard to their working efforts and contributions. Meanwhile, any termination of employment contract should be based on reasonable and lawful grounds. The Group strictly prohibits any kinds of unfair or unreasonable dismissals.

As an equal opportunity employer, the management of the Company is committed in creating a fair, respectful and diversified working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are determined irrespective of their gender, race, age, disability, family status, marital status, pregnancy status, sexual orientation, religious beliefs, nationality, social and ethnic origin or any other non-job related factors in all business units. The Group's equal opportunities policy enforces zero tolerance to any workplace discrimination, harassment or victimisation. If there is any discrimination incidents, employees can report to human resources department of the Group. Disciplinary actions would be taken against any employee if there is any non-compliance or breach of legislation related to the equal opportunities policies. The number of employees and turnover rate of the Group as at 31 March 2022 are as follows.

(Number of employees)	**2022**	2021
Total number of employees	**28**	38
By gender		
Male	**13**	20
Female	**15**	18
By employment type		
Full-Time	**28**	38
Part-time	**0**	0
By age group		
Aged 21-30	**3**	5
Aged 31-40	**14**	15
Aged 41-50	**2**	6
Aged 51 above	**9**	12
By region		
Hong Kong	**26**	36
Mainland China	**2**	2

	2022	2021
Employee turnover rate[1]	**33%**	16%
(Number of employees)		
By gender		
Male	**5**	4
Female	**6**	2
By age group		
Aged 21-30	**2**	2
Aged 31-40	**2**	2
Aged 41-50	**5**	2
Aged 51 above	**2**	0
By region		
Hong Kong	**11**	6
Mainland China	**0**	0

Note:

1 Employees who did not pass the probation are not included.

HEALTH AND SAFETY

The Group places strong importance in securing the health and safety of employees and in maintaining workplace safety and comfort for its staff. The Group regularly reviews and monitors potential occupational health and safety risks within the office and warehouses to ensure a safer workplace environment for the employees.

The Group endeavors to create a safe, healthy, and comfortable working environment for employees. Although the Group's business does not involve high-risk work, it strictly complies with relevant laws and regulations including the Law of the People's Republic of China on Work Safety and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases as well as the Occupational Safety Health Ordinance of Hong Kong, to implement the most comprehensive protection for employees.

We implemented the followed measures:

– Check the office area carefully before leaving, turn off the unnecessary power, close the doors and windows and eliminate dangers;

– If unsafe equipment is found and can cause accidents, it is required report immediately to the relevant departments and make adjustments;

– Keep the workplaces with good ventilation;

– Avoid overcrowded workplaces;

– Add warning signs in the dangerous areas to warn others to keep distance;

– Keep basic first aid equipment in the office;

– Report immediately to the relevant people and handle properly when there is an accident; and

– Propose adjustment plans to avoid the similar incidents, etc.

In response to the outbreak of the COVID-19 pandemic, the Group has also implemented a series of precautionary measures and has complied with guidelines from the regional government authorities to ensure the health and safety of its employees. In addition to requiring employees to perform regular community test, the Group requires employees to check and record their temperatures upon arriving to the workplace and reminds employees the importance of maintaining social distancing and provides surgical masks to employees whenever necessary. To further prevent cross infection within the workplace, clear guidelines are also in place to respond to situations where employees or their family members are found to have contracted the virus.

During the Year, the Group is not aware of any non-compliance with the relevant laws and regulation on occupational health and safety that have a significant impact on the Group. The number of lost days due to work related injury during the Year was zero days. The Group has no work-related fatalities case during the past three years (include the Current Year).

DEVELOPMENT AND TRAINING

The Group endeavours to enhance the skills of each employee in various aspects by providing staff trainings. In order to assist employees in reaching the "keep moving" spirit, the Group supports individual learning and self-improvement of our employees at all levels by providing tailor-made training sessions and education subsidies. The trainings are beneficial for our employees in adopting professional knowledge and improving efficiency in the Group's business operations which also ultimately increase their job satisfaction and morale. The Group has constantly provided on-job education and trainings for its employees to improve their knowledge and expertise.

The Group encourages employees to participate in on-the job training and continuing education to create opportunity for career development. The Group provides orientation training to all new employees in order to give a better understanding to the culture, practices and safety requirements of the Group. The Group provides diversified on-the-job training to employees covering topics such as management skills, professional skills, technical knowledge, latest news and information about corporate culture and ensure employees are able to meet the changing demands in the Group and the market. By providing continuous training, employees gain satisfaction and enjoyment from their roles and increase the motivation. Through a series of training covering various topics, our staff's understanding towards the Group's business, management structure and corporate culture would be gradually enhanced. Employees are encouraged to fully develop their potential and strengths.

During the Year, the Group provided internal training to all directors and senior management of the Group which covered the major changes of the Listing Rules and regulations. The average training hours completed per director and senior management is 20 hours. During the Year, internal trainings were also provided to all the Group's administrative and supporting staff regarding the system usages, technical updates and market knowledge updates. The average training hours completed per administrative and supporting staff were 5 hours. During the Year, total number of hours of training received by male employees and female employees are 166 hours and 100 hours respectively. The average training hours completed per male employee and female employee are 13 hours and 7 hours respectively.

LABOUR STANDARDS

The Group strictly abides by the Employment Ordinance and other laws and regulations to prohibit any child and forced labour. To combat against illegal employment, the human resources department of the Group is responsible for recruitment which requires the job applicants to provide valid identity documents prior to the confirmation of employment to ensure that the applicants are lawfully employable. The Group prohibits any force of work under threat or duress. The Group encourages the employees to report any suspected case of child or forced labour to the management. If any case is reported, investigation will be carried out and appropriate actions will be taken to prevent future occurrence.

The human resources department of the Group is responsible for monitor and ensure compliance of latest and relevant laws and regulations in relation to the prevention of child labour and forced labour. During the Year, no violation of relevant laws and regulations in relation to the prevention of child labour and forced labour was noted.

HARMONIOUS WORKPLACE

The Group believes employees hold strong positions in the success of our business. Therefore, the Group is determined to promote workplace diversity, protect employees' rights and encourage a friendly corporate culture. With the aim of motivating its employees to demonstrate its core values and to ultimately boost their sense of belonging, the Group strictly implements employment practices, internal equality and nondiscrimination principles.

To ensure the ability to attract and retain employees, the Group regularly reviews the remuneration and welfare policy such as an attractive bonus system and medical insurance.

OPERATING PRACTICES

Supply Chain Management

The Group aims to maintain long-term, stable and strategic cooperative relationships with suppliers in order to achieve a co-development relationship with the suppliers. The Group expects all suppliers to embrace corporate social responsible value since the supply chain management is an essential part of the corporate responsibility.

The Group has established a rigorous supplier selection system. When selecting suppliers, the Group takes various factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance.

In view of growing social concern on environmental issues, the Group has also incorporated environmental and social considerations in the supplier selection process. We expect suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

To identify environmental and social risk along the supply chain, the Group conducts sustainability evaluations in accordance with internal standards and processes, including site inspections and document checks. The Group provides improvement guidance and advice to the suppliers that fail to meet the standard.

To shorten the transportation time and minimise associated pollution from transportation, the Company prioritises suppliers which are in the same region. During the Current Year, 87.5% (2021: 78.6%) of our suppliers were based in Hong Kong.

The Group has also formulated policies and procedures to ensure that suppliers could compete in a transparent and fair manner. We do not differentiate and discriminate against any suppliers, and we do not tolerate any forms of corruption or bribery. Employees and other individuals with interest in the suppliers are also not allowed to participate in relevant procurement activities.

The Group has strict quality control in each operation step: procurement, production and warehousing. The Group checks quality and stability of products, so as to select high-quality product-suppliers and to ensure the quality of products. In respect of warehouse management, warehouse inventory follows the principle of convenient storage and management which can minimise errors.

During the Year, the number of suppliers by geographical region is as follows:

Geographical region	Number of suppliers	
	2022	2021
Hong Kong:	**7**	11
Korea:	**1**	1
Taiwan:	**0**	1

PRODUCT RESPONSIBILITY

The Group has dedicated to put the products quality as its first priority as the performance of the products would affect the long-term relationship with customers and the reputation and success of the business. The Group is principally engaged in (i) trading business and (ii) financial services business. Regarding the trading business, the computer and peripheral products and electronics products being sourced were all manufactured by famous brands in the world. In terms of quality assurance control, suppliers provide warranty on the products they supply to the Group for distribution of electronic components and finished products. They are also responsible for providing or procuring the provision of in-warranty service to the end customers.

The Group also adopts the following quality assurance control and recall procedures policies on the products:

– a series of inspections upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and

– if any defects are identified for products after sale, the relevant product will be recalled from customers and returned to the supplier for replacement.

In respect of warehouse management, the Group has adequate and suitable warehouse facilities to keep the products in good condition and good quality.

The Group strictly complies with all applicable laws and regulations and obtains all the licences relating to product responsibility.

During the Year, the Group was not aware of any non-compliance with the laws or regulations relating to product responsibility issues. During the Year, no sold-products were recalled for safety and health reasons.

The Group attaches great importance to maintain customer relationships and values customers' opinions. The Group maintains close communication with the customers in order to obtain better understanding of the customers' expectations and feedbacks. During the Year, the Group did not receive any complaints from customers. Should any complaint arise, the Group will carefully consider and investigate to identify the issues.

DATA PRIVACY

Protecting the security and privacy of stakeholders' personal data is important to the Group. The Group ensures compliance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and other statutory requirements to meet a high standard of security and confidentiality of personal data privacy protection. The following data protection principles are adopted in preserving proper security and use of data:

- We only collect personal data that are relevant and required for our businesses;
- We will not share personal data to any entity that is not a member of the Group without consent unless it is required by law or it was previously notified; and
- We maintain appropriate data collection, storage, and processing practices and security measures to protect against unauthorised access to personal information.

During the Year, no complaints regarding breaches of customer data and privacy were received, and no reported incident of non-compliance with laws and regulations relating to product responsibility.

Intellectual Property

The Group respects intellectual property rights, including but not limited to trademarks, patents, copyrights and designs in the preparation of marketing and communication materials. The Group requires its staff to comply with regulatory requirements in collecting, holding, processing, disclosing and using personal information, as well as protecting confidential information received in the course of business. Consents are required prior to usage of any trademarks.

The Group ensures compliance with the Hong Kong Intellectual Property Law and carried out the following measures:

– Ensure that the Company's trademarks, commercial and technical secrets, software and other intellectual property rights are not infringed;

– Monitor regularly intellectual property rights in the market; and

– Use copyright-protected application software and avoid legal disputes caused by security vulnerability and software copyrights, etc.

ANTI-CORRUPTION

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the laws and regulations relating to anti-corruption, such as the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and bribery irrespective of the area or country where the Group is conducting business. The Group has formulated and strictly enforced anti-corruption policies pursuant to which the Group will not tolerate any form of corruption. All employees are expected to discharge their duties with integrity and self-discipline. They should abstain from engaging in any activities related to bribery, extortion, fraud and money laundering which may exploit their positions against the Group's interests in the course of business.

The Group has issued relevant whistle-blowing procedures in setting up a private communication channel on reporting suspicious fraudulent actions to the Group's management directly. In addition, when the Group cooperates with external parties, the Group implements proper internal control process and tendering process to prevent any potential threats on corruption.

During the Year, there was no legal case regarding corrupt practices brought against the Group or its employees. There were no suspected enquiries or reported cases involving fraud against the Group. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering. The Group will continue to review and improve the internal control and corporate governance to maintain high standard of ethics and integrity in all business operations.

During the year, training materials were sent out to the Board and employees to refresh their knowledge on the Group's Standards on business ethics as well as the latest anti-corruption resources published by the Independent Commission Against Corruption.

COMMUNITY INVESTMENT

The Group emphasises the importance of social responsibility awareness to its staff and encourages them to participate in social activities and charitable activities.

The Group believes in people-oriented management principle, carries out a variety of activities in fulfilling our social responsibilities, actively pursues social contribution initiatives and strives to create a sustainable and harmonious society.

The Group encourages its employees to dedicate their time and skills to support the local communities and encourages its business partners to implement and improve corporate social responsibility policies. The Group strives to develop long-term relationship with our stakeholders and brings a positive impact on community development.

During the Year, the Group mainly allocated its resources on business expansion, which resulted in less contribution to community investment. In the coming years, the Group shall review policies in relation to community investment and explore the feasibility of increasing community investment activities.

INDEPENDENT AUDITOR'S REPORT

bakertilly
天職國際

TO THE SHAREHOLDERS OF HUABANG TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huabang Technology Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 194, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill	
Refer to Notes 4(c) and 14 to the consolidated financial statements. We identified the impairment of goodwill as a key audit matter due to the significance of the goodwill balance to the consolidated financial statements, combined with the significant degree of judgement and estimation made by the management associated with the determination of the recoverable amount of goodwill in the impairment assessment. As at 31 March 2022, the Group has goodwill of HK$3.39 million, net of accumulated impairment loss of HK$53.26 million. Goodwill is tested for impairment annually, or when there are events or changes in circumstances indicate that it might be impaired. For the purpose of impairment assessment, goodwill has been allocated to respective cash generating unit ("CGU"). Management assessed the recoverable amount of relevant CGU with the assistance of an independent external valuer. The recoverable amounts were determined based on a value-in-use calculation using cash flow projections of the relevant CGU based on financial budgets approved by management. The key assumptions involved include (i) revenue growth rate, (ii) terminal growth rate; and (iii) pre-tax discount rates. Based on the results of the impairment assessment conducted by the Group, an impairment loss of HK$48.62 million is recognised in the profit or loss for the year ended 31 March 2022.	Our procedures to evaluate the Group's impairment assessments on goodwill included the following: • obtaining the future cash flow analysis prepared by the management and checking its mathematical accuracy; • assessing the objectivity, capability and qualification of the independent external valuer; • reviewing the valuation report prepared by the independent external valuer, assessing the valuation methodology; and checking its mathematical accuracy; • evaluating the key assumptions used in the estimated future cash flow, including the forecasts of future revenue growth rates and terminal growth rate, by comparing with the historical performance and future strategic plan of the Group in respect of the CGU; • evaluating the discount rate, by assessing the cost of capital for the Group and comparable companies, as well as considering territory specific factors; • performing a retrospective review on the consistency of the methodology adopted in the previous years and inquiring with the management for the reasons for changes, if any; and • obtaining the sensitivity analysis performed by management and assessing the extent of impact on the value in use. We found the assumptions made by the independent external valuer and management in relation to the value in use calculations to be reasonable based on available evidence. The significant inputs involved have been appropriately disclosed in Note 14 to the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on loan receivables and cash client receivables	
Refer to Notes 4(b), 5.1(b), 18 and 19 to the consolidated financial statements. We identified impairment assessment on loan receivables and cash client receivables as a key audit matter due to the significance of these amounts to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses at the end of the reporting period. As at 31 March 2022, the gross balance of loan receivables and cash client receivables were HK$194.53 million and HK$244.15 million respectively; the corresponding impairment allowances were HK$136.67 million and HK$164.92 million respectively. The impairment assessment on loan receivables and cash client receivables involves significant management judgements and estimates in the assessment of credit risk, the uses of models and the choices of inputs in the calculation of expected credit loss at the reporting date. At each reporting date, the Group assesses whether there has been a significant increase in credit risk since their initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.	Our procedures to evaluate the Group's impairment assessments on loan receivables and cash client receivables as at 31 March 2022 included the following: • obtaining an understanding of the Group's credit risk management and practices, and assessed the Group's impairment provision policy and related management judgements; • testing the appropriateness of the Group's determination of significant increase in credit risk and the basis for classification of exposures into the three stages. Our testing included checking to loan overdue information, loan-to-value percentage for cash client receivables or other related information, and considering the appropriateness of the three stages classification determined by the Group; • evaluating the Group's estimation methodology of expected credit losses, and checked the parameters to external data sources where available, including default rates provided by credit rating agency. Furthermore, we assessed and tested the sensitivity of the impairment allowance to changes in modelling assumptions, including the forward-looking probability weighted economic scenarios; • for loan receivables and cash client receivables classified at stage 3, we checked the valuation of the collateral and other sources of cash flows, and developed a reasonable range of expected cash shortfall for comparison with the Group's assessment of impairment allowance; • assessing the adequacy of the disclosures in relation to credit risk of HKFRS 9 in the consolidated financial statements; and • assessing the assumptions and estimates made by management for the assessment of impairment allowances for loan receivables and cash client receivables by performing a retrospective review of the historical accuracy of these assumptions and estimates, including historical default data and estimated loss rates.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on loan receivables and cash client receivables (continued)	
In assessing the lifetime expected credit losses on credit-impaired loan receivables and cash client receivables that are classified as stage 3, the Group performs an assessment based on the Group's historical credit loss experience, adjusted for factors specific to the borrowers, general economic conditions, the current conditions at the reporting date and forward-looking analysis. The Group also reviews the amount and timing of future cash flows, guarantees, value of the collateral received from the customers in measuring impairment. The methodology and assumptions used for estimating the impairment amount are reviewed regularly to reduce any differences between loss estimates and actual loss experience.	Based on the procedures described above, we considered the methodology used, key assumptions, judgements and estimates applied in the impairment assessment on loans receivables and cash client receivables were supportable by available evidence.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor’s report is Gao Yajun.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong,
Gao Yajun
Practising certificate number P06391

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2022

	Note	Year ended 31 March 2022 HK$'000	2021 HK$'000
Revenue	6	**1,702,549**	2,023,680
Cost of sales		**(1,664,101)**	(1,960,924)
Gross profit		**38,448**	62,756
Selling expenses		**(355)**	(1,364)
General and administrative expenses		**(39,584)**	(43,012)
Expected credit loss on financial assets, net	7	**(245,460)**	(106,351)
Other income/(expenses) and gains/(losses), net	8	**807**	(1,822)
Gain on disposal of property, plant and equipment		**41,349**	–
Impairment of goodwill	14	**(48,622)**	–
Operating loss		**(253,417)**	(89,793)
Finance costs	9	**(6,188)**	(7,913)
Share of net loss of an associate accounted for using the equity method	16	**–**	(1,946)
Impairment loss on interest in an associate	16	**–**	(6,258)
Loss before income tax	10	**(259,605)**	(105,910)
Income tax credit	11	**20,186**	12,462
Loss for the year		**(239,419)**	(93,448)
(Loss)/profit attributable to:			
Owners of the Company		**(241,018)**	(93,108)
Non-controlling interests		**1,599**	(340)
		(239,419)	(93,448)
Loss per share attributable to owners of the Company			(Restated)
Basic	12	**HK(55.51) cent**	HK(21.44) cent
Diluted	12	**HK(55.51) cent**	HK(21.44) cent

The notes on pages 76 to 194 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 March 2022

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loss for the year	**(239,419)**	(93,448)
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss		
Currency translation differences	**243**	901
Total comprehensive expense for the year	**(239,176)**	(92,547)
Total comprehensive (expense)/income attributable to:		
Owners of the Company	**(240,775)**	(92,207)
Non-controlling interests	**1,599**	(340)
	(239,176)	(92,547)

The notes on pages 76 to 194 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	As at 31 March 2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**218,885**	265,831
Intangible assets	14	**3,391**	52,126
Interest in an associate	16	**–**	–
Deposits, prepayments and other receivables	20	**497**	691
Deferred tax assets	28	**38,034**	22,887
		260,807	341,535
Current assets			
Inventories	17	**14,740**	13,690
Loan receivables	18	**57,865**	180,585
Account receivables	19	**79,315**	226,279
Deposits, prepayments and other receivables	20	**39,266**	34,751
Financial assets at fair value through profit or loss	21	**847**	12,263
Income tax recoverable		**2,782**	2,084
Bank balances held on behalf of clients	22	**12,492**	15,089
Pledged bank deposits		**–**	41,427
Cash and cash equivalents	23	**46,660**	68,286
		253,967	594,454
Total assets		**514,774**	935,989
EQUITY			
Share capital	24	**3,654**	3,654
Other reserves	26	**538,775**	538,532
Accumulated loss		**(256,445)**	(15,427)
Total equity attributable to owners of the Company		**285,984**	526,759
Non-controlling interests		**8,716**	7,117
Total equity		**294,700**	533,876

The notes on pages 76 to 194 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2022

	Note	As at 31 March 2022 HK$'000	2021 HK$'000
LIABILITIES			
Non-current liability			
Deferred tax liabilities	28	**200**	163
		200	163
Current liabilities			
Account payables	29	**29,305**	40,035
Other payables and accrued expenses	29	**7,076**	4,815
Contract liabilities	30	**5,437**	2,917
Borrowings	31	**177,373**	346,759
Income tax payables		**683**	7,424
		219,874	401,950
Total liabilities		**220,074**	402,113
Total equity and liabilities		**514,774**	935,989
Net current assets		**34,093**	192,504
Total assets less current liabilities		**294,900**	534,039

These consolidated financial statements on pages 69 to 194 were approved for issue by the Board of Directors on 17 June 2022 and were signed on its behalf by:

Liu Qiaosong
Director

Qu Hongqing
Director

The notes on pages 76 to 194 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2022

	Attributable to owners of the Company											
		Other reserves										
	Share capital	Share premium	Shares held for share award scheme	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve	Sub total	Accumulated loss	Total	Non-controlling interests	Total equity
				Note 26(a)	Note 26(b)	Note 26(c)						
	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 2022												
Balance at 1 April 2021	3,654	502,332	(21,630)	50,374	2,480	1,042	3,934	538,532	(15,427)	526,759	7,117	533,876
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(241,018)	(241,018)	1,599	(239,419)
Other comprehensive income												
Currency translation differences	–	–	–	–	–	–	243	243	–	243	–	243
Total comprehensive (expense) / income for the year	–	–	–	–	–	–	243	243	(241,018)	(240,775)	1,599	(239,176)
Balance at 31 March 2022	3,654	502,332	(21,630)	50,374	2,480	1,042	4,177	538,775	(256,445)	(285,984)	8,716	294,700

The notes on pages 76 to 194 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year Ended 31 March 2022

	Attributable to owners of the Company											
		Other reserves										
	Share capital	Share premium	Shares held for share award scheme	Merger reserve Note 26(a)	Capital reserve Note 26(b)	Statutory reserve Note 26(c)	Exchange reserve	Sub total	(Accumulated loss) / retained earnings	Total	Non-controlling interests	Total equity
	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 2021												
Balance at 1 April 2020	3,654	502,332	(21,630)	50,374	2,480	1,042	3,033	537,631	77,681	618,966	7,957	626,923
Loss for the year	–	–	–	–	–	–	–	–	(93,108)	(93,108)	(340)	(93,448)
Other comprehensive income												
Currency translation differences	–	–	–	–	–	–	901	901	–	901	–	901
Total comprehensive (expense) / income for the year	–	–	–	–	–	–	901	901	(93,108)	(92,207)	(340)	(92,547)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(500)	(500)
Balance at 31 March 2021	3,654	502,332	(21,630)	50,374	2,480	1,042	3,934	538,532	(15,427)	526,759	7,117	533,876

The notes on pages 76 to 194 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2022

	Note	Year ended 31 March 2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	35(a)	**25,645**	(26,747)
Income tax paid		**(2,363)**	(3,631)
Income tax refunded		**–**	1,413
Net cash flows generated from/(used in) operating activities		**23,282**	(28,965)
Cash flows from investing activities			
Interest received		**137**	658
Purchase of property, plant and equipment	13	**(448)**	(1,101)
Proceeds from disposal of property, plant and equipment	35(b)	**77,815**	–
Acquisition of financial assets at fair value through profit or loss		**(1,474)**	(14,828)
Proceeds from disposal of financial assets at fair value through profit or loss		**3,129**	367
Release/(placement) of pledged bank deposits		**41,427**	(512)
Net cash flows from/(used in) investing activities		**120,586**	(15,416)
Cash flows from financing activities			
Interest paid	35(c)	**(6,660)**	(7,866)
Drawdown of borrowings	35(c)	**983,105**	1,632,991
Repayments of borrowings	35(c)	**(1,141,686)**	(1,629,033)
Dividend paid to non-controlling interests in a subsidiary	15	**–**	(500)
Net cash flows used in financing activities		**(165,241)**	(4,408)
Net decrease in cash and cash equivalents		**(21,373)**	(48,789)
Cash and cash equivalents at beginning of year		**68,286**	117,682
Effect of foreign exchange rate changes, net		**(253)**	(607)
Cash and cash equivalents at end of year	23	**46,660**	68,286

The notes on pages 76 to 194 are integral parts of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in (i) trading business (including computer and peripheral products and electronics products business) and (ii) financial services business (including securities brokerage business, advisory services business and money lending business).

The directors considered Ms. Shen Wei to be the ultimate controlling shareholder.

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

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All values are rounded to the nearest thousands, unless otherwise stated.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform-Phase 2

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

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform-Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("HKFRS 7").

As at 1 April 2021, the Group had several borrowings, the interest of which are indexed to benchmark rates that are subjected to interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in Note 5.

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 and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
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	Classification of Liabilities as Current or Non–current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

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

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.3 New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Business combinations *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described in Note 3.5 below.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Investments in associates *(Continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associates.

Where a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised only to the extent of interests in the associate that are not related to the Group.

3.6 Revenue recognition

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Revenue recognition *(Continued)*

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Revenue recognition *(Continued)*

Existence of significant financing component (Continued)

(a) Sales of goods

Revenue from the sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Provision of underwriting and placing services

The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income from underwriting and placing is recognised when the underlying securities are being written or placed.

(c) Provision of securities brokerage services

The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income on securities dealing and broking is generally due within two days after trade date.

Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

3.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Retirement benefits costs and short-term employee benefits

(a) *Pension obligations*

The Group participates in general defined contribution pension schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

In accordance with the rules and regulations in the People's Republic of China ("PRC"), the PRC based employees of the subsidiary participate in various defined contribution retirement benefit, housing fund, medical insurance and unemployment fund plans organised by the relevant municipal and provincial governments in the PRC under which the subsidiary and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in profit or loss as employee benefit expenses when they are incurred.

(b) *Bonus plans*

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the consolidated statement of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options or awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options and awarded shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holdings shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of options or awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options or awarded shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

After vesting, when the share options are forfeited before expiry or expired, the amount previously recognised in "employee share-based compensation reserve" will be transferred to "accumulated losses / retained earnings".

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Share-based payments *(Continued)*

(a) Equity-settled share-based payment transactions (Continued)

For the share award scheme, the Group may purchase its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were recorded as treasury shares and recorded as "Shares held for share award scheme" as a deduction under equity. Upon vesting of the awarded shares, the related costs of the purchased shares are reduced from the "Shares held for share award scheme", and the related fair value of the awarded shares are debited to share-based compensation reserve with the difference charged/credited to equity.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted (loss)/earnings per share.

3.13 Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from " (loss)/ profit before taxation" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.14 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on property, plant and equipment (including right-of-use assets) are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	5 to 10 years or over the remaining lease terms, whichever is a shorter period
Leasehold Properties	50 years or over the lease terms, whichever is a shorter period
Machineries	3 to 10 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.15 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

- Money lending license

  The Group's money lending license has a useful life and is carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated using the straight-line method to allocate the cost of the license over its estimated useful life of not more than 5 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

- Contractual customer relationships

  Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.16 Impairment on tangible assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.19 Financial assets

3.19.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.1 Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3.19.2 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.2 Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the consolidated income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, except for cash client receivables, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For cash client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet the loan call requirement and uses the loan-to-collateral value ("LTV") to make its assessment.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets (Continued)

(ii) Definition of default

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

The Group considers a cash client receivable is in default when LTV is larger than a defined benchmark. However, in certain cases, the Group may also consider a cash client receivable to be in default when there is a significant shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A cash client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

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

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

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

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.4 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.20 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities are classified as subsequently measured at amortised cost using the effective interest rate method, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives and financial liabilities held for trading. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amounts are reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.22 Bank balances held on behalf of client

A subsidiary of the Company maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The subsidiary has classified the clients' monies as client trust bank balances under the current assets in the consolidated statement of financial position as the subsidiary is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding account payables to the respective customers in the current liabilities clients on grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the subsidiary is not allowed to use the clients' monies to settle its own obligation.

3.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held for share award scheme are disclosed as treasury shares and deducted from contributed equity.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.24 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Provision for ECL allowance on trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision matrix are based on aging as groupings of various customer that have similar loss patterns.

The provision rates are based on the Group's historical observed default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the provision rates are adjusted. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Note 19.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Provision for ECL allowance on other financial assets measured at amortised cost

The Group calculate ECL allowance for other financial assets measured at amortised cost, including loan receivables, cash clients receivables and interest receivables, based on the estimated probability of default of counterparties with similar credit ratings, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition or considers a financial asset in default. Further details are set out in Note 3.19.3.

The information about the ECLs on the Group's other financial assets measured at amortised cost is disclosed in Notes 18, 19 and 20.

(c) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 March 2022, the carrying amount of goodwill is HK$3,391,000 (2021: HK$52,013,000), net of accumulated impairment loss of HK$53,263,000 (2021: HK$4,641,000). Details of the recoverable amount calculation are disclosed in Note 14.

(d) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisable lives and therefore affect the depreciation and amortisation charges in future periods.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Current and deferred income tax

The Group is principally subject to income taxes both in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

As at 31 March 2022, a deferred tax asset of HK$34,970,000 (2021: HK$15,227,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of HK$150,003,000 (2021: HK$32,853,000) for non-operating subsidiaries due to the unpredictability of future profit streams.

The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially in the current year given the significant uncertainty on the potential disruption of Group's trading business due to the Covid-19 pandemic. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instruments to hedge its risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and Mainland China and most of their transactions are denominated in Hong Kong dollar ("HK$"), Renminbi ("RMB") and United States dollar ("US$"). The Group is exposed to foreign exchange risk primarily through expense transactions that are denominated in currencies other than the functional currencies of the group companies. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant.

As at 31 March 2022, if Hong Kong dollar had weakened/strengthened by 5% (2021: 5%) against RMB with all other variables held constant, pre-tax loss for the year would have been HK$1,000 higher/lower (2021: HK$36,000 higher/lower), primarily due to exchange loss/gain (2021: loss/gain) arising from revaluation of net RMB denominated monetary liabilities (2021: net RMB denominated monetary liabilities).

As the HK$ is pegged to the US$, the Group does not expect any significant movements in the US$/HK$ exchange rate.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity securities price risk from equity instruments held by the Group which is classified in the consolidated statement of finance position as financial assets at fair value through profit or loss. Price risk is the risk of changes in fair value of financial instruments from fluctuations, whether such a change in price is caused by factors specific to the individual instrument or factors affecting all instruments traded in the markets. The Group mitigates its price risk by performing detailed due diligence analysis of investments and dedicated professionals are assigned to oversee and monitor the performance of investments.

As at 31 March 2022, if the equity price of financial assets at fair value through profit or loss had been 5% higher/lower, with all other variables held constant, the Group's loss after tax for the year ended 31 March 2022 would have decreased/increased approximately by HK$42,000 (2021: HK$613,000).

(iii) Cash flow interest rate risk

The Group's interest rate risk arises mainly from borrowings. Borrowings carried at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at banks held at variable rates.

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under Note 5.1(d).

Based on the sensitivity analysis performed by management, if interest rates had been 100 (2021: 100) basis points higher/lower on the Group's borrowings with all other variable held constant, pre-tax loss for the year would have been HK$1,774,000 (2021: HK$3,365,000) higher/lower.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk at group level and has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

(i) Cash and cash equivalents, pledged bank deposits and bank balances

The credit risk on liquid funds, including cash and cash equivalents, pledged bank deposits and bank balances held on behalf of clients, is limited because cash at banks are placed with reputable financial institutions in Hong Kong and the PRC which management believes are of sound credit quality and without major credit risk.

(ii) Deposits, prepayments and other receivables

For deposits and other receivables (exclude interest receivables), the directors of the Company make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL. For the years ended 31 March 2022 and 2021, the Group assessed the ECL for deposits and other receivables were insignificant and thus no loss allowance was recognised.

(iii) Trade receivables

The Group has concentrations of credit risk from account receivables from its customers of the trading business. The Group manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customers based on their financial positions, past experience and other factors. The Group's five largest customers of the trading business in aggregate accounted for 95% (2021: 84%) of the Group's total gross account receivables of the trading business at 31 March 2022. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(iv) Loan receivables/interest receivables

For the Group's money lending business, the Group manages and analyses the credit risk by making reference to the financial strength, purpose of borrowing, and repayment ability of each of the borrower before incepting business with them. The Group also reviews the latest financial capabilities of the borrowers in determining whether there is credit risk on the loan receivables at any point in time.

The Group considers the loan and respective interest receivables as loss if the repayment of principal and/or interest has been overdue for a pro-longed period and the collection of principal and interest in full is considered improbable after exhausting all collection efforts such as initiation of legal proceedings. The Group has concentrations of credit risk from loan receivables from its customers of the money lending business. Interest income from the top five loan receivables constituted approximately 0.5% (2021: 0.9%) of the Group's revenue for the year ended 31 March 2022. The top five loan receivables accounted for approximately 93% (2021: 93%) of the gross loan receivables balances as at 31 March 2022.

(v) Cash client receivables

The Group has concentrations of credit risk from account receivables from its customers of the securities business. The Group's five largest customers (excluding clearing house) of the securities business in aggregate accounted for 89% (2021: 82%) of the Group's total gross account receivables (excluding clearing house) of the securities business at 31 March 2022. The Group maintains frequent communications with these customers and reviews the recoverable amount for each individual account receivable of the securities business at each reporting date to ensure that adequate allowance for impairment is made for irrecoverable amounts.

Maximum exposure as at 31 March 2022

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2022 and 2021. The amounts presented are gross carrying amounts for financial assets.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) *Credit risk (Continued)*

Maximum exposure as at 31 March 2022 *(Continued)*

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	HK$'000
Loan receivables					
– Less than 31 days past due	–	68,700	–	–	68,700
– 31 to 90 days past due	–	–	111,830	–	111,830
– Past due over 90 days	–	–	14,000	–	14,000
Trade receivables included in account receivables	–	–	87,677	–	87,677
Cash client receivables included in account receivables					
– LTV at 100% or above	–	19	175,227	–	175,246
– LTV less than 100%	68,900	–	–	–	68,900
Due from clearing house					
– Not yet past due	87	–	–	–	87
Financial assets included in deposits, prepayments and other receivables					
– Not yet past due	31,153	–	–	–	31,153
– Less than 31 days past due	–	9,286	–	–	9,286
– 31 to 90 days past due	–	–	4,428	–	4,428
– Past due over 90 days	–	–	525	–	525
Bank balances held on behalf clients					
– Not yet past due	12,492	–	–	–	12,492
Cash and cash equivalents					
– Not yet past due	46,660	–	–	–	46,660
	159,292	78,005	393,687	–	630,984

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Maximum exposure as at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Loan receivables					
– Not yet past due	180,530	–	7,000	–	187,530
– Past due over 90 days	–	–	7,000	–	7,000
Trade receivables included in account receivables*	–	–	87,677	17,105	104,782
Cash client receivables included in account receivables					
– LTV at 100% or above	–	134,896	45,035	–	179,931
– LTV less than 100%	78,444	–	–	–	78,444
Due from clearing house					
– Not yet past due	341	–	–	–	341
Financial assets included in deposits, prepayments and other receivables					
– Not yet past due	34,707	–	–	–	34,707
– Past due over 90 days	–	–	525	–	525
Bank balances held on behalf clients					
– Not yet past due	15,089	–	–	–	15,089
Pledged bank deposits					
– Not yet past due	41,427	–	–	–	41,427
Cash and cash equivalents					
– Not yet past due	68,286	–	–	–	68,286
	418,824	134,896	147,237	17,105	718,062

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 19(b).

Further quantitative data in respect of the Group's exposure to credit risk arising from loan receivables, trade receivables, cash client receivables and interest receivables are disclosed in Notes 18, 19 and 20, respectively, to the consolidated financial statements.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including short-term borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand HK$'000	Less than 1 year HK$'000	Total HK$'000	Carrying amount HK$'000
As at 31 March 2022					
Account and other payables	–	29,305	7,076	36,381	36,381
Borrowings	2.62%	178,451	–	178,451	177,373
		207,756	7,076	214,832	213,754

	Weighted average interest rate	On demand HK$'000	Less than 1 year HK$'000	Total HK$'000	Carrying amount HK$'000
As at 31 March 2021					
Account and other payables	–	40,035	4,815	44,850	44,850
Borrowings	2.50%	356,166	–	356,166	346,759
		396,201	4,815	401,016	391,609

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2022, the aggregate carrying amounts of these bank borrowings amounted to HK$177.37 million (2021:HK$346.76 million). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total HK$'000	Carrying amount HK$'000
As at 31 March 2022	157,752	4,818	15,881	178,451	177,373
As at 31 March 2021	241,889	6,530	107,747	356,166	346,759

(d) Interest rate benchmark reform

As listed in Note 31, several of the Group's London Interbank Offered Rate ("LIBOR") and Hong Kong Interbank Offered Rate ("HIBOR") bank loans will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all Sterling, Euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US dollar settings.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(d) Interest rate benchmark reform (Continued)

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs and HIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Capital risk management

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 consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposits.

The Group's strategy was to maintain a solid capital base to support the operations and development of its business in the long term. The gearing ratios as at 31 March 2022 and 2021 were as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Borrowings (Note 31)	**177,373**	346,759
Less: Cash and cash equivalents (Note 23) and pledged bank deposits	**(46,660)**	(109,713)
Net debt	**130,713**	237,046
Total equity	**294,700**	533,876
Total capital	**425,413**	770,922
Gearing ratio	**30.73%**	30.75%

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value and fair value hierarchy of financial instruments

(a) Financial instruments measured at fair value

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

	Fair value measurements using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
31 March 2022				
Financial assets at fair value through profit or loss	**847**	**–**	**–**	**847**

	Fair value measurements using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2021				
Financial assets at fair value through profit or loss	12,263	–	–	12,263

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: nil)

(b) Financial instruments not measured at fair value

The carrying amounts of the Group's other financial instruments including cash and cash equivalents, pledged bank deposits, bank balances held on behalf of clients, loan receivables, account receivables, financial assets included in deposits, prepayments and other receivables, account payables, borrowings and financial liabilities included in other payables and accrued expenses approximate their respective fair values.

6 REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Revenue from contracts with customers (Note i)	**1,682,162**	1,977,119
Revenue from other sources		
Interest income calculated using the effective interest method from:		
– loan receivables	**8,234**	17,913
– cash client receivables	**12,153**	28,648
	20,387	46,561
Total revenue	**1,702,549**	2,023,680

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Type of goods or services		
Sales of goods	**1,681,730**	1,976,348
Service income		
– Provision of underwriting and placing services	**195**	248
Commission income		
– Provision of securities brokerage services	**237**	523
	1,682,162	1,977,119
Timing of revenue recognition		
A point in time	**1,682,162**	1,977,119

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 the unsatisfied contracts is not disclosed.

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information

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

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

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

Segment assets consist primarily of 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 interest in an associate, 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 contract liabilities. They exclude deferred tax liabilities, income tax payables and other unallocated liabilities, which are managed centrally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment revenues and results

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

	For the year ended 31 March 2022		
	Trading business	**Financial services business**	**Total**
	HK$'000	HK$'000	HK$'000
Revenue from external customers	1,681,730	20,819	1,702,549
Cost of sales from external customers	(1,664,101)	–	(1,664,101)
	17,629	20,819	38,448
Selling expenses	(269)	(86)	(355)
General and administrative expenses	(7,612)	(7,629)	(15,241)
Expected credit loss on financial assets, net	11	(245,471)	(245,460)
Other income/(expenses) and gains/(losses), net	(254)	607	353
Impairment of goodwill	–	(48,622)	(48,622)
Finance costs	(4,875)	(104)	(4,979)
Segment profit/(loss)	4,630	(280,486)	(275,856)
Unallocated income and expenses, net			16,251
Loss before income tax			(259,605)
Income tax credit			20,186
Loss for the year			(239,419)

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment revenues and results (Continued)

The following is an analysis of the Group's revenue and results by reportable segments: *(Continued)*

	For the year ended 31 March 2021		
	Trading business HK$'000	**Financial services business** HK$'000	**Total** HK$'000
Revenue from external customers	1,976,348	47,332	2,023,680
Cost of sales from external customers	(1,960,924)	–	(1,960,924)
	15,424	47,332	62,756
Selling expenses	(1,268)	(96)	(1,364)
General and administrative expenses	(9,556)	(8,003)	(17,559)
Expected credit loss on financial assets, net	(88,010)	(18,341)	(106,351)
Other income/(expenses) and gains/(losses), net	(126)	1,226	1,100
Finance costs	(5,645)	(263)	(5,908)
Segment profit/(loss)	(89,181)	21,855	(67,326)
Share of net loss of an associate accounted for using equity method			(1,946)
Impairment loss on interest in an associate			(6,258)
Unallocated income and expenses, net			(30,380)
Loss before income tax			(105,910)
Income tax credit			12,462
Loss for the year			(93,448)

Interest revenue of HK$20,387,000 (2021: HK$46,561,000) was included in revenue from external customer, wholly contributed by financial services business segment.

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment assets and liabilities

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

31 March 2022

	Trading business HK$'000	Financial services business HK$'000	Total HK$'000
Segment assets	72,650	182,188	254,838
Segment liabilities	199,687	12,876	212,563

31 March 2021

	Trading business HK$'000	Financial services business HK$'000	Total HK$'000
Segment assets	149,149	492,464	641,613
Segment liabilities	351,244	26,763	378,007

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment assets and liabilities (Continued)

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Segment assets	**254,838**	641,613
Cash and cash equivalents	**8,155**	1,233
Property, plant and equipment	**209,995**	255,638
Deposits, prepayments and other receivables	**637**	789
Financial assets at fair value through profit or loss	**333**	11,745
Deferred tax assets	**38,034**	22,887
Income tax recoverable	**2,782**	2,084
Total assets	**514,774**	935,989
Segment liabilities	**212,563**	378,007
Deferred tax liabilities	**200**	163
Income tax payables	**683**	7,424
Borrowings	**–**	15,003
Other unallocated liabilities	**6,628**	1,516
Total liabilities	**220,074**	402,113

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Other segment information

	For the year ended 31 March 2022		
	Trading business HK$'000	**Financial services business** HK$'000	**Total** HK$'000
Additions to property, plant and equipment	448	–	448
Depreciation of property, plant and equipment	1,607	141	1,748
Amortisation of intangible assets	–	113	113
Impairment of inventories	1,562	–	1,562

	For the year ended 31 March 2021		
	Trading business HK$'000	**Financial services business** HK$'000	**Total** HK$'000
Additions to property, plant and equipment	1,072	29	1,101
Depreciation of property, plant and equipment	1,547	138	1,685
Amortisation of intangible assets	–	1,128	1,128
Impairment of inventories	1,689	–	1,689

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Geographical information

The Group's operations are located in Hong Kong and the PRC.

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

Information about the Group's total non-current assets (excluding deferred tax assets) is presented below based on the geographical location of the assets:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Hong Kong	**222,106**	317,732
The PRC	**667**	916
	222,773	318,648

Information about major customers

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Revenue from top five customers	**1,617,616**	1,714,790
Total revenue	**1,702,549**	2,023,680
Percentage	**95%**	85%
Number of customers that individually accounted for more than 10% of the Group's revenue	**1**	1

For the year ended 31 March 2022, there was one customer individually contributing over 10% of the total revenue of the Group. The revenue was arisen from trading business segment and amounting to HK$1,399,932,000 for the year ended 31 March 2022, its corresponding revenue for the year ended 31 March 2021 was HK$1,142,855,000.

7 EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loan receivables (Note 18)	**122,720**	5,862
Cash client receivables (Note 19)	**115,977**	12,413
Trade receivables (Note 19)	**(11)**	88,010
Interest receivables (Note 20)	**6,774**	66
	245,460	106,351

8 OTHER INCOME/(EXPENSES) AND GAINS/(LOSSES), NET

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Finance income	**137**	658
Exchange losses	**(464)**	(983)
Realised gain on disposal of equity investments at fair value through profit or loss	**2,224**	220
Unrealised loss on the change in fair value of equity investments at fair value through profit or loss	**(1,652)**	(2,703)
Handling fee income	**601**	935
Dividend income from listed securities	**–**	7
Others	**(39)**	44
	807	(1,822)

9 FINANCE COSTS

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Finance costs		
– Interest expense on bank and other borrowings	**6,188**	7,913

10 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Short term employee benefits	**14,073**	16,730
Post-employment benefits (Note i)	**396**	469
Others	**28**	88
	14,497	17,287

Notes:

(i) These mainly represent:

- the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK$1,500 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations. Contributions to the scheme vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

- the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC. These PRC subsidiaries are required to contribute certain percentage of the employees' basic salaries to the pension depending on the applicable local regulations. Contributions to the plans vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

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

(ii) For the year ended 31 March 2021, Covid-19 related government grants under "Employment Support Scheme" of the Hong Kong government, amounting to approximately HK$1.48 million, have been offset against employee benefit expenses.

10 LOSS BEFORE INCOME TAX *(Continued)*

Loss before income tax has been arrived at after charging: *(Continued)*

(b) Other items

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Cost of inventories sold (Note 17)	**1,664,101**	1,960,924
Auditor's remuneration		
– audit service	**1,008**	960
– non-audit service	**53**	50
Depreciation of property, plant and equipment (Note 13)	**10,960**	11,646
Amortisation of intangible assets (Note 14)	**113**	1,128
Short-term lease rentals of premises	**12**	15
Service fees for broker supplied systems	**1,526**	1,374

11 INCOME TAX CREDIT

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**684**	3,810
Over-provision in prior years	**(5,760)**	(86)
Deferred income tax (Note 28)	**(15,110)**	(16,186)
	(20,186)	(12,462)

Under the two-tiered Hong Kong Profits Tax rates regime, the first HK$2 million of assessable profits of the qualifying group entity are taxed at 8.25%, and assessable profits above HK$2 million are taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime are charged at a flat rate of 16.5%.

The Group has no assessable profit in PRC and is not subject to any PRC corporate income tax during the years ended 31 March 2022 and 2021. The applicable PRC corporate income tax rate during the years ended 31 March 2022 and 2021 is 25%.

11 INCOME TAX CREDIT *(Continued)*

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities in the respective jurisdictions as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loss before income tax	**(259,605)**	(105,910)
Tax calculated at domestic tax rates applicable to loss in the respective jurisdictions	**(49,651)**	(17,383)
Tax effects of:		
– Expenses not deductible	**8,313**	211
– Income not subject to tax	**(2)**	(214)
– Temporary difference not recognised	**1,122**	1,101
– Tax losses not recognised	**20,032**	3,909
– Over-provision in prior years	**–**	(86)
Tax credit	**(20,186)**	(12,462)

12 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company for share award scheme.

	Year ended 31 March	
	2022	2021
Loss attributable to owners of the Company (HK$'000)	**(241,018)**	(93,108)
		(Restated)
Weighted average number of ordinary shares in issue	**434,203,800**	434,203,800
		(Restated)
Basic loss per share	**HK(55.51) cent**	HK(21.44) cent

The weighted average number of ordinary shares for the purposes of calculating basic loss per share have been retrospectively adjusted for the effects of share consolidation completed on 18 March 2022.

(b) Diluted

Diluted loss per share for the years ended 31 March 2022 and 2021 was the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2022 and 2021.

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2022						
Opening net book amount	254,328	8,842	857	639	1,165	265,831
Additions	–	412	36	–	–	448
Disposals (Net)	(36,463)	–	–	(3)	–	(36,466)
Depreciation (Note 10(b))	(8,762)	(1,148)	(313)	(248)	(489)	(10,960)
Exchange realignment	–	11	–	–	21	32
Closing net book amount	209,103	8,117	580	388	697	218,885
At 31 March 2022						
Cost	241,378	11,663	1,637	1,373	3,226	259,277
Accumulated depreciation	(32,275)	(3,546)	(1,057)	(985)	(2,529)	(40,392)
Net book amount	209,103	8,117	580	388	697	218,885

	Owned properties HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2021						
Opening net book amount	263,772	8,935	1,107	874	1,605	276,293
Additions	–	1,000	61	40	–	1,101
Depreciation (Note 10(b))	(9,444)	(1,116)	(311)	(275)	(500)	(11,646)
Exchange realignment	–	23	–	–	60	83
Closing net book amount	254,328	8,842	857	639	1,165	265,831
At 31 March 2021						
Cost	292,153	13,306	1,733	1,523	3,226	311,941
Accumulated depreciation	(37,825)	(4,464)	(876)	(884)	(2,061)	(46,110)
Net book amount	254,328	8,842	857	639	1,165	265,831

Depreciation of the Group's property, plant and equipment of HK$10,960,000 (2021: HK$11,646,000) was included in general and administrative expenses in the consolidated income statement.

At 31 March 2022, the Group's leasehold properties with a net carrying amount of HK$209,103,000 (2021: HK$254,328,000) were pledged to secure general banking facilities granted to the Group (Note 31).

The Group holds several office units and parking spaces. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

14 INTANGIBLE ASSETS

	Goodwill	Money lending license	Contractual customer relationship	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2022				
Opening carrying amount	52,013	113	–	52,126
Amortisation (Note 10(b))	–	(113)	–	(113)
Impairment	(48,622)	–	–	(48,622)
Closing carrying amount	3,391	–	–	3,391
At 31 March 2022				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	(53,263)	(1,703)	(2,756)	(57,722)
Net carrying amount	3,391	–	–	3,391
31 March 2021				
Opening carrying amount	52,013	453	788	53,254
Amortisation (Note 10(b))	–	(340)	(788)	(1,128)
Closing carrying amount	52,013	113	–	52,126
At 31 March 2021				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	(4,641)	(1,590)	(2,756)	(8,987)
Net carrying amount	52,013	113	–	52,126

For the year ended 31 March 2022, amortisation charge of HK$113,000 (2021: HK$1,128,000) was included in general and administrative expenses in the consolidated income statement.

14 INTANGIBLE ASSETS *(Continued)*

Money lending license

In July 2016, the Group acquired a money lending license in Hong Kong through acquisition of a Hong Kong incorporated company. The money lending license has a legal life of one year but is renewable at insignificant cost. The directors of the Company are of the opinion that the Group could renew the money lending license and maintain the license continuously. At the end of the reporting period, the money lending license has been fully amortised.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship.

The useful life of contractual customer relationships recognised during acquisition of Huabang Securities Limited ("Huabang Securities") was three years. At the end of the reporting period, the contractual customer relationships of Huabang Securities has been fully amortised.

14 INTANGIBLE ASSETS *(Continued)*

Goodwill

The table below sets out the information for the goodwill allocated to the following CGUs:

	Corporate finance cash-generating unit HK$'000	**Securities brokerage cash-generating unit** HK$'000
Cost		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	4,641	52,013
Accumulated impairment		
At 1 April 2020, 31 March 2021 and 1 April 2021	(4,641)	–
At 31 March 2022	(4,641)	(48,622)
Carrying amount		
At 31 March 2021	–	52,013
At 31 March 2022	–	3,391

Impairment tests for goodwill

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

- Corporate finance cash-generating unit; and
- Securities brokerage cash-generating unit.

14 INTANGIBLE ASSETS *(Continued)*

Goodwill *(Continued)*

Corporate finance cash-generating unit

The Group recognised goodwill of HK$4,641,000 during the year ended 31 March 2017 as a result of acquisition of the equity interest in Huabang Financial Limited ("Huabang Financial"). Huabang Financial is an investment holding company. Its wholly-owned subsidiary, Huabang Corporate Finance, is principally engaged in the corporate finance advisory business in Hong Kong (the "Corporate Finance CGU").

In the view of the reduced business activities forecasted for the corporate finance business in the foreseeable future, management considered the value in use of the Corporate Finance CGU was lower than its carrying amount. Accordingly, the goodwill was impaired and an impairment loss of HK$4,641,000 was recognised in profit or loss for the year ended 31 March 2019.

Securities brokerage cash-generating unit

The Group recognised goodwill of HK$52,013,000 during the year ended 31 March 2018 as a result of acquisition of the equity interest in Huabang Securities. Huabang Securities is principally engaged in the securities brokerage business in Hong Kong (the "Securities Brokerage CGU").

With assistance from an independent professional valuer, the Group assessed the recoverable amount of the CGU based on value-in-use calculation using discounted cash flow method to perform the analysis. The calculation used cash flow projections based on financial budgets approved by the management covering a 5-year period (2021: 5-year). Cash flows beyond the one-year period are projected for the next four-year period using the estimated growth in revenue. Thereafter, the cash flows are extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the business in which the CGU operates. The rationale of selecting such method was that the active market or information on recent transaction prices of results for similar assets in the same industry was unavailable. Impairment assessment using the method of fair value less disposal expenses was restricted in practice and subject to market practice of assessment.

14 INTANGIBLE ASSETS *(Continued)*

Goodwill *(Continued)*

Securities brokerage cash-generating unit (Continued)

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

	As at 31 March	
	2022	2021
Revenue growth rate	**(33.6%)-0.3%**	3.3%-16.0%
Terminal growth rate	**3.0%**	3.0%
Discount rate (pre-tax)	**16.4%**	15.4%

For the year ended 31 March 2022, the cash client receivables net of specific provision for credit-impaired clients of the Securities Brokerage CGU has decreased by approximately 64.0% compared to that for the year ended 31 March 2021. As a result, the valuer adjusted the revenue downward for the forecast period from the year ended 31 March 2023 to the year ended 31 March 2027 on the basis of the cash client receivables net of specific provision for credit-impaired clients for the year ended 31 March 2022, and the corresponding forecast revenue growth rate ranges from -33.6% to 0.3%. Future cash flows are expected to be lowered than those projected in previous years.

There were no significant changes in the value of inputs and assumptions from those previously adopted, other than the updates in the Company's management's estimate of the future revenue growth. There are no subsequent changes to the valuation methods.

Based on the assessment, the recoverable amount of the Securities Brokerage CGU, as included in the financial services business segment, was determined to be HK$4,994,000. The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK$48,622,000 was recognised in the profit or loss for the year ended 31 March 2022 (2021: HK$ nil). No other write-down of the assets of the Securities Brokerage CGU was considered necessary.

15 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2022 and 2021, are as follows:

Name	Legal status	Place of incorporation/ principal place of business	Principal activities	Particulars of issued, registered/paid up capital	Interest held 2022	Interest held 2021
Directly owned:						
Golden Profit Global Trading Limited	Limited liability company	British Virgin Islands ("BVI")	Investment holding	US$10,000	100%	100%
Indirectly owned:						
Top Harvest Capital Limited	Limited liability company	BVI / Hong Kong	Property holding	US$100	100%	100%
Goldenmars Technology (Hong Kong) Limited	Limited liability company	Hong Kong	Assembling and trading of electronic components and products	HK$43,000,000	100%	100%
Goldenmars Components Company Limited	Limited liability company	Hong Kong	Assembling and trading of electronic components and products	US$1,000,000	51%	51%
Huabang Finance Limited	Limited liability company	Hong Kong	Money lending business	HK$10,000	100%	100%
Huabang Financial Investments Limited	Limited liability company	BVI / Hong Kong	Property holding	US$100	100%	100%
Huabang Corporate Finance Limited	Limited liability company	Hong Kong	Advisory services business	HK$15,000,000	100%	100%
Huabang Securities Limited	Limited liability company	Hong Kong	Securities brokerage business	HK$97,500,000	100%	100%

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

15 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Goldenmars Components Company Limited

	2022 **HK$'000**	2021 HK$'000
Non-controlling interest percentage	**49%**	49%
Current assets	**26,298**	31,898
Non-current assets	**–**	138
Current liabilities	**(8,510)**	(17,512)
Equity attributable to owners of the Company	**9,072**	7,407
Non-controlling interests	**8,716**	7,117
Revenue	**254,758**	666,949
Expenses	**(251,494)**	(667,644)
Profit/(loss) and total comprehensive income/(expense) for the year	**3,264**	(695)
Profit/(loss) and total comprehensive income/(expense) attributable to owners of the Company	**1,665**	(355)
Profit/(loss) and total comprehensive income/(expense) attributable to the non-controlling interests	**1,599**	(340)
Profit/(loss) and total comprehensive income/(expense) for the year	**3,264**	(695)
Dividends paid to non-controlling interests	**–**	500
Net cash inflow from operating activities	**6,172**	57,647
Net cash inflow from investing activities	**–**	1
Net cash outflow from financing activities	**(4,978)**	(56,119)
Net cash inflow	**1,194**	1,529

16 INTEREST IN AN ASSOCIATE

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Costs of investment in an associate	**9,921**	9,921
Share of post-acquisition loss and other comprehensive expense, net of dividends received	**(3,996)**	(3,996)
Impairment loss recognised (Note b)	**(6,258)**	(6,258)
Exchange adjustments	**333**	333
	–	–
Share of loss of an associate during the year	**–**	(1,946)

The Group has not recognised a share of result of the associate for the year as it has been limited to HK$Nil because the accumulated share of losses and impairment loss recognised are greater than the interest in this associate. The unrecognised share of losses for the year and accumulated share of losses up to and as at 31 March 2022 is approximately HK$40,000 and HK$4,036,000 respectively (2021: share of losses and accumulated losses of HK$1,946,000 and HK$3,996,000 respectively).

Particulars of the Group's associate are as follows:

			Percentage of						
Name	Particulars of issued, registered/ paid up capital	Place of incorporation and principal place of business	Ownership interest		Voting power		Profit sharing		Principal activities
			2022	2021	2022	2021	2022	2021	
Hangzhou Shierzhangwen Wenhua Chuanbo Company Limited ("Shierzhangwen") 杭州十二章紋文化傳播有限公司	RMB11,641,384	PRC	40%	40%	40%	40%	40%	40%	Publication of comic books

16 INTEREST IN AN ASSOCIATE *(Continued)*

Notes:

(a) Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes.

Shierzhangwen

	2022 **HK$'000**	2021 HK$'000
Current assets	**5,983**	6,456
Non-current assets	**1,069**	1,170
Current liabilities	**(8,905)**	(9,321)
Revenue	**52**	6,184
Loss and total comprehensive expense for the year	**(100)**	(4,866)
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shierzhangwen recognised in the consolidated financial statements:

	2022 **HK$'000**	2021 HK$'000
Net liabilities of the associate	**(1,853)**	(1,695)
Proportion of the Group's ownership interest in Shierzhangwen	**40%**	40%
Group's share of net liabilities of the associate	**(678)**	(678)
Goodwill	**6,875**	6,875
Exchange adjustments	**61**	61
Impairment loss recognised	**(6,258)**	(6,258)
Carrying amount of the Group's interest in Shierzhangwen	**–**	–

(b) During the year ended 31 March 2021, in view of the continuous unsatisfactory results of Shierzhangwen, the management of the Group carried out an impairment review on the carrying amount of its interest in Shierzhangwen by comparing its recoverable amount with its carrying amount. The recoverable amount was determined using value-in-use calculation. In determining the value in use of Shierzhangwen, the management of the Group estimated present value of the future cash flows expected to arise from the operation of Shierzhangwen and applied a pre-tax weighted average cost of capital discount rate of 6%. In pursuant to the recoverable amount assessment, the recoverable amount of Shierzhangwen was estimated to be lower than its carrying value and accordingly, an impairment loss of HK$6,258,000 was recognised in profit or loss.

17 INVENTORIES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Finished goods	**18,113**	15,501
Less: provision for impairment of inventories	**(3,373)**	(1,811)
	14,740	13,690

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$1,664,101,000 (2021: HK$1,960,924,000), which include an impairment of inventories of HK$1,562,000 (2021: HK$1,689,000).

Movements in provision for impairment of inventories are as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Beginning of the year	**1,811**	122
Provision for impairment of inventories	**1,562**	1,689
End of the year	**3,373**	1,811

18 LOAN RECEIVABLES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Loan receivables	**194,530**	194,530
Less: Impairment		
– Stage 1	**–**	(1,065)
– Stage 2	**(18,239)**	–
– Stage 3	**(118,426)**	(12,880)
	57,865	180,585

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 from 8% to 18%, and recoverable within one year from the dates of inception of the loan agreements.

18 LOAN RECEIVABLES *(Continued)*

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Within one year	**57,865**	180,585

An aging analysis of the loan receivables as at the end of the reporting periods, based on the due date and net of impairment allowance, is as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Not past due	**–**	180,585
Less than 31 days past due	**50,461**	–
31 to 90 days past due	**6,724**	–
Past due over 90 days	**680**	–
	57,865	180,585

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2022 and 2021 by the past due date and year end classification:

As at 31 March 2022

	Stage 1	Stage 2	Stage 3	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Less than 31 days past due	**–**	**68,700**	**–**	**68,700**
31 to 90 days past due	**–**	**–**	**111,830**	**111,830**
Past due over 90 days	**–**	**–**	**14,000**	**14,000**
	–	**68,700**	**125,830**	**194,530**

18 LOAN RECEIVABLES *(Continued)*

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2022 and 2021 by the past due date and year end classification: *(Continued)*

As at 31 March 2021

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Not past due	180,530	–	7,000	187,530
Past due over 90 days	–	–	7,000	7,000
	180,530	–	14,000	194,530

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

	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Total HK$'000**
As at 1 April 2021	**1,065**	**–**	**12,880**	**13,945**
Changes due to financial instruments recognised as at 1 April 2021				
– Transfer from Stage 1 to Stage 2	**(405)**	**405**	**–**	**–**
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 2	**–**	**17,834**	**–**	**17,834**
– Transfer from Stage 1 to Stage 3	**(660)**	**–**	**660**	**–**
– Net remeasurement of ECL due to change in credit risk without transfer of stage	**–**	**–**	**439**	**439**
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	**–**	**–**	**104,447**	**104,447**
As at 31 March 2022	**–**	**18,239**	**118,426**	**136,665**
ECL rate	**N/A**	**26.55%**	**94.12%**	**70.25%**

During the year ended 31 March 2022, included in the impairment allowance of approximately HK$104,447,000 from net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3 was mainly related to the gross carrying amount of HK$111,830,000. The directors of the Company has assessed the relevant borrowers' financial background, repayment abilities and expected future cash flows; and determined that an impairment allowance of approximately HK$104,447,000 was provided.

18 LOAN RECEIVABLES *(Continued)*

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

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
As at 1 April 2020	1,083	–	7,000	8,083
Changes due to financial instruments recognised as at 1 April 2020				
– Impairment losses reversed	(18)	–	–	(18)
New financial assets originated or purchased	–	–	5,880	5,880
As at 31 March 2021	1,065	–	12,880	13,945
ECL rate	0.59%	N/A	92.00%	7.17%

During the year ended 31 March 2021, included in the impairment allowance of approximately HK$5,880,000 from new financial assets originated or purchased under Stage 3 was mainly related to the gross carrying amount of HK$7,000,000. The directors of the Company has assessed the relevant borrower's financial background, repayment abilities and expected future cash flows; and determined that an impairment allowance of approximately HK$5,880,000 was provided.

19 ACCOUNT RECEIVABLES

	Note	**As at 31 March** **2022** **HK$'000**	 2021 HK$'000
Trade receivables	(b)	**87,677**	104,782
Cash client receivables	(a)	**244,146**	258,375
Due from clearing house	(c)	**87**	341
		331,910	363,498
Less: Impairment		**(252,595)**	(137,219)
		79,315	226,279

19 ACCOUNT RECEIVABLES *(Continued)*

Account receivables are denominated in the following currencies:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
HK$	**79,315**	209,775
US$	**–**	16,504
	79,315	226,279

Other than those disclosed in Note (a) below, the Group does not hold any collateral as security for other account receivables.

Notes:

(a) Analysis of cash client receivables

The carrying amount of cash client receivables of the Group was as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Cash client receivables	**244,146**	258,375
Less: Impairment		
– Stage 1	**(18)**	(9)
– Stage 2	**–**	(10,896)
– Stage 3	**(164,900)**	(38,036)
	79,228	209,434

(i) As at 31 March 2022, the Group held securities with an aggregate fair value of HK$248,991,000 (2021: HK$404,232,000) as collaterals over the receivables. The cash client receivables are interest-bearing and have no fixed repayment terms.

No aging analysis is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of brokerage business.

19 ACCOUNT 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 2022 and 2021 by LTV and year end classification:

As at 31 March 2022

	12-month ECLs	**Lifetime ECLs**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
LTV at 100% or above	**–**	**19**	**175,227**	**175,246**
LTV less than 100%	**68,900**	**–**	**–**	**68,900**
	68,900	**19**	**175,227**	**244,146**

As at 31 March 2021

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
LTV at 100% or above	–	134,896	45,035	179,931
LTV less than 100%	78,444	–	–	78,444
	78,444	134,896	45,035	258,375

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK$12,309,000 (2021: HK$8,301,000).

19 ACCOUNT RECEIVABLES *(Continued)*

Notes: *(Continued)*

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

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

	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Total HK$'000**
As at 1 April 2021	**9**	**10,896**	**38,036**	**48,941**
Changes in the impairment allowance due to financial assets as at 1 April 2021				
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	**–**	**–**	**2**	**2**
– Transfer from Stage 2 to Stage 3	**–**	**(10,896)**	**10,896**	**–**
– Net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3	**–**	**–**	**112,854**	**112,854**
New financial assets originated or purchased	**9**	**–**	**3,112**	**3,121**
As at 31 March 2022	**18**	**–**	**164,900**	**164,918**
ECL rate	**0.03%**	**N/A**	**94.11%**	**67.55%**

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 2022:

- Transfer of cash client receivables of HK$129,644,000 from Stage 2 to Stage 3 resulting in an increase in impairment allowance of HK$112,854,000.

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
As at 1 April 2020	77	658	35,793	36,528
Changes in the impairment allowance due to financial assets as at 1 April 2020				
– Transfer from Stage 1 to Stage 2	(72)	72	–	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 2	–	989	–	989
New financial assets originated or purchased	4	9,177	2,243	11,424
As at 31 March 2021	9	10,896	38,036	48,941
ECL rate	0.01%	8.08%	84.46%	18.94%

19 ACCOUNT RECEIVABLES *(Continued)*

Notes: *(Continued)*

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

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

The following significant changes in the gross carrying amounts of cash client receivables contributed to the increase in the impairment allowance during the year ended 31 March 2021:

- Increase in gross cash client receivables of HK$38,872,000, which included origination of new client receivables and new drawdown from existing clients.

Management has assessed the market value of the pledged securities of each individual client at the end of each reporting period. The collateral held can be sold at the Group's discretion to settle any outstanding amount owned by the cash clients.

(b) Analysis of trade receivables

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Trade receivables	**87,677**	104,782
Less: Impairment	**(87,677)**	(88,278)
	–	16,504

(i) The Group grants credit period ranging from 1 day to 60 days (2021: from 1 day to 60 days) to the customers of trading business. The aging analysis of relevant trade receivables at the end of the reporting period based on invoice date and before impairment allowance is as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
1 – 30 days	**–**	1,896
31 – 60 days	**–**	–
61 – 90 days	**–**	–
91 – 180 days	**–**	–
Over 180 days	**87,677**	102,886
	87,677	104,782

19 ACCOUNT RECEIVABLES *(Continued)*

Notes: *(Continued)*

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

(ii) The following is the analysis of the gross carrying amount of the trade receivables as at 31 March 2022 and 2021 by ECL assessment and year end classification:

As at 31 March 2022

	Lifetime ECL (provision matrix) HK$'000	**Credit-impaired HK$'000**	**Total HK$'000**
Trade receivables included in account receivables			
– Not yet past due	**–**	**–**	**–**
– Past due	**–**	**87,677**	**87,677**
	–	**87,677**	**87,677**

As at 31 March 2021

	Lifetime ECL (provision matrix) HK$'000	Credit-impaired HK$'000	Total HK$'000
Trade receivables included in account receivables			
– Not yet past due	1,896	–	1,896
– Past due	15,209	87,677	102,886
	17,105	87,677	104,782

19 ACCOUNT RECEIVABLES *(Continued)*

Notes: *(Continued)*

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

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

	As at 31 March					
	2022			2021		
	Not credit-impaired HK$'000	**Credit-impaired HK$'000**	**Total HK$'000**	Not credit-impaired HK$'000	Credit-impaired HK$'000	Total HK$'000
At the beginning of year	**601**	**87,677**	**88,278**	268	–	268
Changes in the impairment allowance due to financial assets at the beginning of year						
– Transfer to credit-impaired	**–**	**–**	**–**	(177)	177	–
– Net remeasurement of ECL due to change in credit risk without transfer of stage	**(11)**	**–**	**(11)**	499	–	499
New financial assets originated or purchased	**–**	**–**	**–**	11	87,500	87,511
Write-offs	**(590)**	**–**	**(590)**	–	–	–
At end of year	**–**	**87,677**	**87,677**	601	87,677	88,278

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its trading business because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

During the year ended 31 March 2022, for trade receivables with gross carrying amount of HK$87,677,000 in total, which has been past due over 180 days. A full provision had been made after the Group's assessment on the relevant customers' financial background, repayment abilities, expected future cash flows; and taken consideration of their non-response to collection activities. Based on our understanding, the Covid-19 outbreak had generated challenges for some companies in manufacturing and trading business. Consequently, those customers failed to obtain sufficient cashflow from operating business and to repay the amount owing to the Group. The provision for credit-impaired debtors of HK$87,677,000 was mainly related to a customer with gross carrying amount of HK$81,610,000 which full provision had been made in prior year. The Group had commenced legal proceedings against this customer and the first hearing for the case was conducted in May 2022 .Up to date of this report, legal proceedings are still in progress.

19 ACCOUNT RECEIVABLES *(Continued)*

Notes: *(Continued)*

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

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

The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Debtors that are credit-impaired with gross carrying amounts of HK$87,677,000 as at 31 March 2022 (2021: HK$87,677,000) were assessed individually. As at 31 March 2022, there are HK$nil trade receivables subject to collective assessment, accordingly the expected credit loss rate table is not presented.

As at 31 March 2021

	Not past due	Past due	Total
Expected credit loss rate	0.58%	3.88%	3.51%
Gross carrying amount (HK$'000)	1,896	15,209	17,105
Expected credit losses (HK$'000)	11	590	601

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2022, the Group reversed HK$11,000 (2021: provided HK$333,000) impairment allowance for trade receivables, based on the provision matrix. Impairment allowance of HK$nil (2021: HK$87,677,000) were made on credit-impaired debtors.

(c) 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 Hong Kong Securities Clearing Company Limited ("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 Note 34 to the consolidated financial statements.

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 2022 and 2021, the amount due from clearing house was not past due.

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at 31 March 2022 HK$'000	2021 HK$'000
Non-current			
Other non-current deposits		**292**	486
Other assets	(1)	**205**	205
		497	691
Current			
Prepayments		**1,789**	854
Deposits and other receivables	(2)	**30,656**	13,855
Interest receivables	(3)	**6,821**	20,042
		39,266	34,751
Total deposits, prepayments and other receivables		**39,763**	35,442

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

	As at 31 March 2022 HK$'000	2021 HK$'000
HK$	**35,115**	23,648
RMB	**824**	–
US$	**3,824**	11,794
	39,763	35,442

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes:

(1) Other assets

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Hong Kong Securities Clearing Company Limited		
– guarantee fund deposit	**50**	50
– admission fee	**50**	50
The Stock Exchange of Hong Kong Limited		
– compensation fund deposit	**50**	50
– fidelity fund deposit	**50**	50
– stamp duty deposit	**5**	5
	205	205

As at 31 March 2022 and 2021, all other assets were not past due.

(2) Deposit and other receivables

No aging analysis is disclosed for deposits and other receivables as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

As at 31 March 2022 and 2021, all deposits and other receivables were not past due.

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(3) Interest receivables

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Interest receivables	**14,239**	20,686
Less: Impairment	**(7,418)**	(644)
	6,821	20,042

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	
	2022	2021
	HK$'000	HK$'000
Not past due	**–**	20,042
Less than 31 days past due	**6,821**	–
	6,821	20,042

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(3) Interest receivables *(Continued)*

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2022 and 2021 by the past due date and year end classification:

As at 31 March 2022

	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Total HK$'000**
Less than 31 days past due	**–**	**9,286**	**–**	**9,286**
31 to 90 days past due	**–**	**–**	**4,428**	**4,428**
Past due over 90 days	**–**	**–**	**525**	**525**
	–	**9,286**	**4,953**	**14,239**

As at 31 March 2021

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Not past due	20,161	–	–	20,161
Past due over 90 days	–	–	525	525
	20,161	–	525	20,686

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(3) Interest receivables *(Continued)*

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 2021	**119**	**–**	**525**	**644**
Changes due to financial instruments recognised as at 1 April 2021				
– Transfer from Stage 1 to Stage 2	**(55)**	**55**	**–**	**–**
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 2	**–**	**2,410**	**–**	**2,410**
– Transfer from Stage 1 to Stage 3	**(64)**	**–**	**64**	**–**
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	**–**	**–**	**4,364**	**4,364**
As at 31 March 2022	**–**	**2,465**	**4,953**	**7,418**
ECL rate	**N/A**	**26.55%**	**100.00%**	**52.10%**

During the year ended 31 March 2022, included in the impairment allowance of approximately HK$4,364,000 from net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3 was mainly related to the gross carrying amount of loan receivables of HK$111,830,000. Please refer to Note 18 for further details.

	Stage 1 HK$'000	**Stage 2** HK$'000	**Stage 3** HK$'000	**Total** HK$'000
As at 1 April 2020	53	–	525	578
New financial assets originated or purchased	66	–	–	66
As at 31 March 2021	119	–	525	644
ECL rate	0.59%	N/A	100.00%	3.11%

The increase in the impairment allowance during the year ended 31 March 2021 was because of longer period has been counted, resulting in an increase in relevant gross interest receivables of HK$11,513,000.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Investments designated at fair value through profit or loss:		
Listed equity securities – Hong Kong	**847**	12,263

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

As at 31 March 2021, the Group's financial assets at fair value through profit or loss with a net carrying amount of HK$8,050,000 was pledged to secure the other borrowings (Note 31). The pledge was released upon the settlement of relevant borrowings during the current year.

22 BANK BALANCES HELD ON BEHALF OF CLIENTS

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

As at 31 March 2022 and 2021, no impairment was made on bank balances held on behalf of clients.

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Cash on hand		
HK$	**48**	65
US$	**57**	58
Israeli Shekel ("ILS")	**4**	4
	109	127
Cash at banks		
HK$	**29,373**	16,448
RMB	**82**	631
New Taiwan Dollar ("TWD")	**27**	27
US$	**17,069**	51,053
	46,551	68,159
	46,660	68,286

The effective interest rate on cash at bank was 0.3% (2021: 1.0%) per annum.

The conversion of bank and cash balances denominated in RMB into foreign currencies in the PRC and the remittance of these deposits or cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2022, the Group's cash at banks of approximately HK$62,000 (2021: HK$576,000) was deposited at banks in the PRC.

As at 31 March 2021, the Group pledged approximately HK$41,427,000, which was denominated in US$, to secure the bank borrowings (Note 31). The pledged bank deposits was released upon the settlement of relevant borrowings during the current year.

As at 31 March 2022 and 2021, no impairment was made on cash and cash equivalents.

24 SHARE CAPITAL

Authorised shares:

As at 31 March 2022, the total authorised number of ordinary shares is 9,600 million shares (2021 (restated): 9,600 million shares) with a par value of HK$0.00833 per share (2021 (restated): HK$0.00833 per share).

Issued shares:

	Number of shares	**Share capital**
	'000	HK$'000
As at 1 April 2020, 31 March 2021, 1 April 2021	4,384,782	3,654
Share consolidation (Note)	(3,946,304)	–
As at 31 March 2022	438,478	3,654

Note: With effect from 18 March 2022, every ten (10) issued and unissued shares of par value of HK$0.0008333 each in the share capital of the Company were consolidated into one (1) consolidated share of par value of HK$0.00833 of the Company (the "Share Consolidation"). Further details of the Share Consolidation are set out in the announcements of the Company dated 11 February 2022 and 17 March 2022 and the circular of the Company dated 24 February 2022.

25 SHARE-BASED PAYMENTS

(a) Share options

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

On 21 December 2016, the Group announced the granting of a total of 288,000,000 share options (before Share Consolidation) to selected employees and directors under the Share Option Scheme and 203,000,000 share options (before Share Consolidation) ("ESO1") have been approved and granted to the employees and some directors. The remaining 85,000,000 share options (before Share Consolidation) ("ESO2") have been subsequently approved and granted to the remaining director in an extraordinary general meeting held on 24 February 2017. The exercise price of the granted options is HK$0.55 per share.

25 SHARE-BASED PAYMENTS *(Continued)*

(a) Share options *(Continued)*

For the ESO1 granted on 21 December 2016, details of the validity period and vesting period of share options are as follows:

(i) One-third of the share options is exercisable from the 21 December 2016 to 20 December 2019 ("Tranche 1.1"). These share options are unconditionally vested as at 21 December 2016 or date of grants, whichever is later;

(ii) One-third of the share options is exercisable from 21 December 2017 to 20 December 2019 ("Tranche 1.2"). These share options are vested as at 21 December 2017; and

(iii) One-third of the share options is exercisable from 21 December 2018 to 20 December 2019 ("Tranche 1.3"). These share options will be vested as at 21 December 2018.

For the ESO2 granted on 24 February 2017, details of the validity period and vesting period of share options are as follows:

(i) One-third of the share options is exercisable from the 24 February 2017 to 20 December 2019 ("Tranche 2.1"). These share options are unconditionally vested as at 21 December 2016 or date of grants, whichever is later;

(ii) One-third of the share options is exercisable from 21 December 2017 to 20 December 2019 ("Tranche 2.2"). These share options are vested as at 21 December 2017; and

(iii) One-third of the share options is exercisable from 21 December 2018 to 20 December 2019 ("Tranche 2.3"). These share options will be vested as at 21 December 2018.

As at 31 March 2022 and 2021, the Company had no outstanding share options as all the share options previously granted have lapsed in prior years.

As a result of the Share Consolidation, the total number of shares of the Company available for issue under the Share Option Scheme has been adjusted from 215,656,000 shares to 21,565,600 shares pursuant to the terms of the Share Option Scheme.

The fair value of each option granted during year ended 31 March 2017 was determined using Black Scholes model at HK$0.091 (before Share Consolidation), HK$0.109 (before Share Consolidation), HK$0.126 (before Share Consolidation), HK$0.146 (before share consolidation), HK$0.163 (before Share Consolidation) and HK$0.182 (before Share Consolidation) for Tranche 1.1, Tranche 1.2, Tranche 1.3, Tranche 2.1, Tranche 2.2 and Tranche 2.3, respectively.

For those share options granted to selected employees and directors on 21 December 2016, the significant inputs into the model were closing share price of HK$0.49 at the grant date, exercise price shown above, volatility of 46.25%, vesting periods of one, two and three years respectively for each tranche of the share options shown above, dividend yield of 1% per annum and risk-free interest rates of 0.97%, 1.14% and 1.30% per annum for Tranche 1.1, Tranche 1.2 and Tranche 1.3 respectively. The volatility measured at the grant date is referenced to the historical volatility of the Company.

25 SHARE-BASED PAYMENTS *(Continued)*

(a) Share options *(Continued)*

For those share options granted to the director on 24 February 2017, the significant inputs into the model were closing share price of HK$0.59 at the grant date, exercise price shown above, volatility of 45.39%, vesting periods of one, two and three years respectively for each tranche of the share options shown above, dividend yield of 1% per annum and risk-free interest rates of 0.81%, 0.91% and 1.01% for Tranche 2.1, Tranche 2.2 and Tranche 2.3 respectively. The volatility measured at the grant date is referenced to the historical volatility of the Company.

(b) Share award scheme

On 14 March 2019, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including directors) and non-executive directors of the Group (the "Selected Person (s)") pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme (the "Trust Deed"). The share award scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 13 March 2029. The Share Award Scheme is subject to the administration of the Board of Directors and the trustee of the Share Award Scheme (the "Trustee") in accordance with the Share Award Scheme and the Trust Deed.

The Board of Directors shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board of Directors under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Board of Directors may contribute funds to the trust constituted by the Trust Deed (the "Trust") for the purchase or subscription of shares of the Company and other purposes set out in the Share Award Scheme and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed. The Board of Directors may instruct the Trustee to purchase shares of the Company on The Stock Exchange of Hong Kong Limited and to hold them in trust for the benefit of the persons who are eligible for the Awarded Shares on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed (the "Eligible Persons"). The Trustee shall not exercise the voting rights in respect of any shares, including but not limited to the Awarded Shares, any bonus shares and scrip shares derived therefrom, held by it under the Trust.

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Person pursuant to the provision of the Share Award Scheme shall vest in such Selected Person in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the vesting date at no consideration.

During the years ended 31 March 2022 and 2021, no Awarded Shares were granted to any Eligible Persons of the Group.

As a result of the Share Consolidation, the number of shares of the Company held by the Trust on 31 March 2022 has been adjusted from 42,744,000 shares to 4,274,400 shares.

26 OTHER RESERVES

(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 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.

27 DIVIDENDS

No final dividend for the years ended 31 March 2022 and 2021 was proposed.

28 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off income tax recoverable against current income tax liabilities and when the deferred taxes relate to the same taxation authority. The deferred tax assets and liabilities are to be utilised and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position.

Movements of deferred tax assets:

	Decelerated tax depreciation HK$'000	Impairment of financial assets HK$'000	Unrealised losses HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2020	–	5,981	275	1,262	7,518
Credited/(charged) to consolidated income statement	4	2,014	(39)	13,965	15,944
At 31 March 2021 and 1 April 2021	4	7,995	236	15,227	23,462
Credited/(charged) to consolidated income statement	3	(4,575)	1	19,743	15,172
At 31 March 2022	7	3,420	237	34,970	38,634

Offset between deferred tax assets and liabilities:

	Year ended 31 March	
	2022 HK$'000	2021 HK$'000
Balance as at 31 March	**38,634**	23,462
Amount offset between deferred tax assets and liabilities in the consolidated statement of financial position	**(600)**	(575)
	38,034	22,887

28 DEFERRED INCOME TAX *(Continued)*

Movements of deferred tax liabilities:

	Accelerated tax depreciation HK$'000	Fair value adjustments arising from subsidiaries HK$'000	Total HK$'000
At 1 April 2020	826	154	980
Credited to consolidated income statement	(103)	(139)	(242)
At 31 March 2021 and 1 April 2021	723	15	738
Charged/(credited) to consolidated income statement	70	(8)	62
At 31 March 2022	793	7	800

Offset between deferred tax assets and liabilities:

	Year ended 31 March	
	2022 **HK$'000**	2021 HK$'000
Balance as at 31 March	**800**	738
Amount offset between deferred tax assets and liabilities in the consolidated statement of financial position	**(600)**	(575)
	200	163

As at 31 March 2022, the Group has unrecognised tax losses of HK$138,712,000 (2021: HK$18,736,000) in Hong Kong, which have no expiry dates, and HK$11,291,000 (2021: HK$14,117,000) in the PRC which will expire during financial year 2022 to year 2027. No deferred tax assets have been recognised for these tax losses as the directors considered it is not probable that taxable profits will be available against which the tax losses can be utilised.

28 DEFERRED INCOME TAX *(Continued)*

Movements of deferred tax liabilities:

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Deferred tax assets as presented in the consolidated statement of financial position	**38,034**	22,887
Deferred tax liabilities as presented in the consolidated statement of financial position	**(200)**	(163)
Deferred tax assets, net	**37,834**	22,724

The movement on the deferred income tax is as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
At beginning of the year	**22,724**	6,538
Credited to consolidated income statement (Note 11)	**15,110**	16,186
At end of the year	**37,834**	22,724

29 ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Trade payables	**16,662**	24,329
Cash client payables (Note a)	**12,556**	15,706
Due to clearing house (Note b)	**87**	–
Total account payables	**29,305**	40,035
Other payables and accrued expenses		
Accrued expenses	**3,021**	4,193
Other payables	**4,055**	622
Total other payables and accrued expenses	**7,076**	4,815
Total account payables, other payables and accrued expenses	**36,381**	44,850

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 Note 34 to the consolidated financial statements.

(c) As at 31 March 2022 and 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.

29 ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES *(Continued)*

Notes: *(Continued)*

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
HK$	**19,674**	18,398
RMB	**24**	811
US$	**16,683**	25,641
	36,381	44,850

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

30 CONTRACT LIABILITIES

Details of contract liabilities as at 31 March 2022 and 2021 are as follows:

	2022	2021
	HK$'000	HK$'000
Short term advances received from customers		
Sales of goods	**5,437**	2,917

Contract liabilities of HK$5,437,000 (2021: HK$2,917,000) arising from sales of goods as of 31 March 2022 (2021: 31 March 2021) represented prepayment received in trading business during normal course of business before the goods are transferred to the customers and the performance obligation is fulfilled.

30 CONTRACT LIABILITIES *(Continued)*

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Balance at 1 April	**2,917**	1,197
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(1,213)**	(129)
Increase in contract liabilities as a result of advance from customers	**3,733**	1,849
Balance at 31 March	**5,437**	2,917

31 BORROWINGS

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Bank borrowings	**177,373**	336,475
Other borrowings	**–**	10,284
	177,373	346,759
Analysed as:		
– Secured	**177,373**	331,803
– Unsecured	**–**	14,956
	177,373	346,759

As at 31 March 2022, the Group's bank borrowings of HK$177,373,000 are secured by the Group's leasehold properties situated in Hong Kong of HK$209,103,000 (Note 13).

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 (Note 21), the Group's leasehold properties situated in Hong Kong of HK$254,328,000 (Note 13) and pledged bank deposits of HK$41,427,000 (Note 23).

31 BORROWINGS *(Continued)*

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:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
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) but repayable:		
– Within one year	**157,373**	228,997
– Between one and two years	**4,478**	4,478
– Between two and five years	**15,522**	103,000
– Over five years	**–**	–
	177,373	336,475
	177,373	346,759

31 BORROWINGS *(Continued)*

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Variable-rate borrowings	**177,373**	336,475
Fixed-rate borrowings	**–**	10,284
	177,373	346,759

The Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (2021: same).

As at 31 March 2022, the Group's variable rate bank borrowings of approximately HK$134,816,000 and HK$42,557,000 are carrying interest at 3-month USD LIBOR plus premium and 3-month HIBOR respectively.

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

Borrowings of the Group are denominated in the following currencies:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
HK$	**42,557**	200,104
US$	**134,816**	146,655
	177,373	346,759

32 SENIOR MANAGEMENT EMOLUMENTS

(a) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Directors (Note 39)	**–**	2,418
Employees	**5,549**	5,651
	5,549	8,069

The five individuals whose emoluments were the highest in the Group include nil (2021: one) director whose emolument was reflected in Note 39.

The emoluments payable to five (2021: four) non-director individuals during the year are as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Short term employee benefits	**5,462**	5,585
Discretionary bonus	**–**	–
Post-employment benefits	**87**	66
	5,549	5,651

32 SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(a) Five highest paid individuals *(Continued)*

Remuneration of the five (2021: four) highest paid non-director individuals during the year fell within the following bands:

	Number of individuals	
	2022	2021
Emolument Bands		
HK$500,001 to HK$1,000,000	**2**	–
HK$1,000,001 to HK$1,500,000	**2**	3
HK$1,500,001 to HK$2,000,000	**1**	1

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Senior management's emoluments

The emoluments of the one (2021: one) senior management during the year fell within the following bands:

	Number of individuals	
	2022	2021
Emolument Bands		
Nil to HK$500,000	**–**	–
HK$500,001 to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	1

33 FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 March 2022

Financial assets

	At amortised cost HK$'000	At fair value through profit or loss (held for trading) HK$'000	Total HK$'000
Loan receivables	57,865	–	57,865
Account receivables	79,315	–	79,315
Financial assets included in deposits, prepayments and other receivables	37,974	–	37,974
Financial assets at fair value through profit or loss	–	847	847
Bank balances held on behalf of clients	12,492	–	12,492
Cash and cash equivalents	46,660	–	46,660
	234,306	847	235,153

Financial liabilities

	At amortised cost HK$'000	Total HK$'000
Account payables	29,305	29,305
Financial liabilities included in other payables and accrued expenses	7,076	7,076
Borrowings	177,373	177,373
	213,754	213,754

33 FINANCIAL INSTRUMENTS BY CATEGORIES *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

As at 31 March 2021

Financial assets

	At amortised cost HK$'000	At fair value through profit or loss (held for trading) HK$'000	Total HK$'000
Loan receivables	180,585	–	180,585
Account receivables	226,279	–	226,279
Financial assets included in deposits, prepayments and other receivables	34,588	–	34,588
Financial assets at fair value through profit or loss	–	12,263	12,263
Bank balances held on behalf of clients	15,089	–	15,089
Pledged deposits at bank	41,427	–	41,427
Cash and cash equivalents	68,286	–	68,286
	566,254	12,263	578,517

Financial liabilities

	At amortised cost HK$'000	Total HK$'000
Account payables	40,035	40,035
Financial liabilities included in other payables and accrued expenses	4,815	4,815
Borrowings	346,759	346,759
	391,609	391,609

34 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set-off the Continuous Net Settlement ("CNS") money obligations receivable and payable with HKSCC; and the Group intends to settle on a net basis as account receivables from or account payables to HKSCC. For the net amount of CNS money obligations receivable or payable with HKSCC and Guarantee Fund placed with HKSCC, they do not meet the criteria for offsetting in the financial statements and the Group does not intend to settle the balances on a net basis.

				Related amounts not offset in the statement of financial position	
	Gross amount of recognised financial assets/ (liabilities) HK$'000	Gross amount of recognised financial (assets)/ liabilities offset in the statement of financial position HK$'000	Net amount of financial assets/ (liabilities) presented in the statement of financial position HK$'000	Cash collateral received HK$'000	Net amount HK$'000
As at 31 March 2022					
Account receivable from clearing house	145	(58)	87	–	87
Account payable to clearing house	(145)	58	(87)	–	(87)

34 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Continued)*

	Gross amount of recognised financial assets/ (liabilities)	Gross amount of recognised financial (assets)/ liabilities offset in the statement of financial position	Net amount of financial assets/ (liabilities) presented in the statement of financial position	Related amounts not offset in the statement of financial position: Cash collateral received	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2021					
Account receivable from clearing house	633	(292)	341	–	341
Account payable to clearing house	(292)	292	–	–	–

35 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before income tax to cash used in operations:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loss before income tax	**(259,605)**	(105,910)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	**10,960**	11,646
Amortisation of intangible assets (Note 14)	**113**	1,128
Gain on disposal of property, plant and equipment	**(41,349)**	–
Exchange losses (Note 8)	**464**	983
Finance income (Note 8)	**(137)**	(658)
Finance costs (Note 9)	**6,188**	7,913
Share of results of interests in an associate (Note 16)	**–**	1,946
Impairment loss on interest in an associate (Note 16)	**–**	6,258
Unrealised loss on change in fair value of equity investments at fair value through profit or loss (Note 8)	**1,652**	2,703
Impairment of inventories (Note 17)	**1,562**	1,689
Impairment of goodwill (Note 14)	**48,622**	–
Realised gain on disposal of financial assets at fair value through profit or loss (Note 8)	**(2,224)**	(220)
Expected credit loss on financial assets, net:		
– Loan receivables (Note 7)	**122,720**	5,862
– Cash client receivables (Note 7)	**115,977**	12,413
– Trade receivables (Note 7)	**(11)**	88,010
– Interest receivables (Note 7)	**6,774**	66
Changes in working capital:		
– Inventories	**(2,612)**	45,505
– Loan receivables	**–**	(7,000)
– Account receivables	**30,998**	(43,726)
– Bank balances held on behalf of clients	**2,597**	(1,348)
– Deposits, prepayments and other receivables	**(11,095)**	(15,236)
– Account payables	**(10,730)**	(43,581)
– Other payables and accrued expenses	**2,261**	3,090
– Contract liabilities	**2,520**	1,720
Cash generated from/(used in) operations	**25,645**	(26,747)

35 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Net book amount of property, plant and equipment disposed (Note 13)	**36,466**	–
Gain on disposal of property, plant and equipment	**41,349**	–
Proceeds from disposal of property, plant and equipment	**77,815**	–

(c) Reconciliation of liabilities arising from financing activities is as follows:

	Borrowings	
	2022	2021
	HK$'000	HK$'000
At 1 April	**346,759**	342,754
Changes from financing cash flows		
Drawdown of borrowings	**983,105**	1,632,991
Repayments of borrowings	**(1,141,686)**	(1,629,033)
Interest paid	**(6,660)**	(7,866)
Other changes		
Non-cash settlement (Note)	**(10,333)**	–
Interest expenses (Note 9)	**6,188**	7,913
At 31 March	**177,373**	346,759

Note: For the year ended 31 March 2022, non-cash settlement includes the settlement of other borrowings of HK$10,333,000 through the disposal of a financial asset at fair value through profit or loss that was previously used to secure the borrowings.

36 CAPITAL COMMITMENTS

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Contracted, but not provided for:		
Leasehold improvements	**186**	386

37 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

During the years ended 31 March 2022 and 2021, no material transactions were undertaken by the Group with related parties.

(b) Outstanding balances with related parties

As at 31 March 2022 and 2021, there were no material outstanding balances with related parties.

(c) Compensation of key management personnel of the Group

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Short term employee benefits	**4,796**	5,180
Discretionary bonus	**–**	300
Post-employment benefits	**63**	66
	4,859	5,546

Further details of directors' and the chief executive's emoluments are included in Note 39.

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**100,208**	496,273
Current assets		
Amounts due from subsidiaries	**3,791**	104,080
Deposits, prepayments and other receivables	**379**	337
Income tax recoverable	**3**	–
Cash and cash equivalents	**120**	408
	4,293	104,825
Total assets	**104,501**	601,098
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**3,654**	3,654
Other reserves (Note a)	**98,404**	560,267
Total equity	**102,058**	563,921
LIABILITIES		
Current liabilities		
Other payables and accrued expenses	**1,687**	1,468
Amount due to subsidiaries	**756**	35,709
	2,443	37,177
Total liabilities	**2,443**	37,177
Total equity and liabilities	**104,501**	601,098
Net current assets	**1,850**	67,648
Total assets less current liabilities	**102,058**	563,921

The statement of financial position of the Company was approved by the Board of Directors on 17 June 2022 and was signed on its behalf by:

Liu Qiaosong
Director

Qu Hongqing
Director

38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(a) Reserve movement of the Company:

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Shares held for share award scheme HK$'000	Accumulated losses HK$'000	Total HK$'000
For the year ended 31 March 2022					
Balance at 1 April 2021	**494,815**	**95,114**	**(21,630)**	**(8,032)**	**560,267**
Loss for the year	**–**	**–**	**–**	**(461,863)**	**(461,863)**
Total comprehensive expense	**–**	**–**	**–**	**(461,863)**	**(461,863)**
Balance at 31 March 2022	**494,815**	**95,114**	**(21,630)**	**(469,895)**	**98,404**

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Shares held for share award scheme HK$'000	Accumulated losses HK$'000	Total HK$'000
For the year ended 31 March 2021					
Balance at 1 April 2020	494,815	95,114	(21,630)	(8,146)	560,153
Profit for the year	–	–	–	114	114
Total comprehensive income	–	–	–	114	114
Balance at 31 March 2021	494,815	95,114	(21,630)	(8,032)	560,267

Note: Contributed surplus

Contributed surplus represents the difference between the excess of the nominal value of the Company shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the group reorganisation.

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors for the year ended 31 March 2022 is set out below:

	Fee HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Estimated monetary value of other benefit HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Total HK$'000
Year ended 31 March 2022									
Name of directors									
Executive directors									
Mr. George Lu	100	350	–	–	–	5	–	–	455
Ms. Shen Wei (Note (i))	–	–	300	–	–	5	–	–	305
Mr. Liu Qiaosong (Note (ii))	214	–	–	–	–	2	–	–	216
	314	350	300	–	–	12	–	–	976
Non-executive directors									
Mr. Pang Chung Fai Benny (Note (iii))	202	–	–	–	–	10	–	–	212
	202	–	–	–	–	10	–	–	212

39 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2022 is set out below: *(Continued)*

	Fee HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Estimated monetary value of other benefit HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Total HK$'000
Year ended 31 March 2022									
Name of directors									
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	161	-	-	-	-	8	-	-	169
Mr. Zhu Shouzhong	161	-	-	-	-	-	-	-	161
Mr. Li Huaqiang	161	-	-	-	-	-	-	-	161
	483	-	-	-	-	8	-	-	491

39 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2021 is set out below:

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2021									
Name of directors									
Executive directors									
Mr. George Lu	100	2,300	–	–	–	18	–	–	2,418
Ms. Shen Wei (Note (i))	–	–	300	–	–	5	–	–	305
	100	2,300	300	–	–	23	–	–	2,723
Non-executive directors									
Mr. Pang Chung Fai Benny	346	–	–	–	–	17	–	–	363
	346	–	–	–	–	17	–	–	363

39 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2021 is set out below: *(Continued)*

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2021									
Name of directors									
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	161	–	–	–	–	8	–	–	169
Mr. Zhu Shouzhong	161	–	–	–	–	–	–	–	161
Mr. Li Huaqiang	161	–	–	–	–	–	–	–	161
	483	–	–	–	–	8	–	–	491

39 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

(i) Shen Wei has been appointed as an executive director of the Company with effect from 15 January 2021, and then she has resigned as an executive director of the Company with effect from 4 August 2021.

(ii) Liu Qiaosong has been appointed as an executive director and a vice chairman of the Company with effect from 11 February 2022.

(iii) Pang Chung Fai Benny has resigned as a non-executive director with effect from 30 October 2021.

During the years ended 31 March 2022 and 2021, no director waived any emoluments.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the years ended 31 March 2022 and 2021.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 March 2022 and 2021.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 March 2022 and 2021, no consideration was paid by the Company to third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 March 2022 and 2021, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of 31 March 2022 and 2021 or at any time during the years ended 31 March 2022 and 2021.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during both years.