



**華邦金融控股有限公司**

**Huabang Financial Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock code: 3638)*



**2019**

**INTERIM REPORT**

# CONTENTS

Page	
2	CORPORATE INFORMATION
5	CONDENSED CONSOLIDATED INCOME STATEMENT
6	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
7	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
9	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
11	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
12	NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
27	MANAGEMENT DISCUSSION AND ANALYSIS
34	BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT
37	OTHER INFORMATION

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. George Lu (*Chief Executive Officer and Chairman*)  
Mr. Lam Allan Loc (*re-designated from Non-Executive Director to Executive Director on 12 April 2019; resigned as Executive Director and ceased to be Vice Chairman on 1 September 2019*)  
Ms. Lau Wing Sze (*resigned on 12 April 2019*)

## NON-EXECUTIVE DIRECTOR

Mr. Pang Chung Fai Benny

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## AUTHORISED REPRESENTATIVES

Mr. Wong Kwok Ming  
Mr. George Lu (*appointed on 14 August 2019*)  
Ms. Lau Wing Sze (*ceased on 14 August 2019*)

## 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. George Lu  
Mr. Li Huaqiang

## NOMINATION COMMITTEE

Mr. Loo Hong Shing Vincent (*Chairman*)  
Mr. George Lu  
Mr. Li Huaqiang

## CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Kwok Ming (*Chairman*)  
Mr. George Lu (*appointed on 1 September 2019*)  
Mr. Loo Hong Sing Vincent (*appointed on 1 September 2019*)  
Ms. Lu Qinzhen (*resigned on 1 September 2019*)  
Mr. Lam Allan Loc (*appointed on 12 April 2019; resigned on 1 September 2019*)  
Ms. Lau Wing Sze (*resigned on 12 April 2019*)

## 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  
Bank of Communications Co. Ltd. Hong Kong Branch  
China Everbright Bank Co., Ltd. Hong Kong Branch  
Dah Sing Bank, Limited  
DBS Bank (Hong Kong) Limited  
OCBC Wing Hang Bank Limited  
Standard Chartered Bank (Hong Kong) Limited  
Taiwan Shin Kong Commercial Bank Co. Ltd.  
Hong Kong Branch  
The Hong Kong 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

## STOCK CODE

3638

## COMPANY WEBSITE ADDRESS

[www.huabangfinancial.com](http://www.huabangfinancial.com)  
(information contained in this website does not  
form part of this report)

## 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  
53/F, The Center  
99 Queen's Road Central  
Hong Kong

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

The board of Directors (the “Board”) of Huabang Financial Holdings Limited (the “Company”) is pleased to announce the following unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2019 (“Current Period”) together with the unaudited comparative figures for the corresponding periods in 2018 (“Last Corresponding Period”) as follows:

# CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited	
		2019	2018
		HK\$'000	HK\$'000
Revenue	4	377,499	391,866
Cost of sales	5	(359,209)	(362,245)
<b>Gross profit</b>		<b>18,290</b>	29,621
Selling expenses	5	(235)	(252)
General and administrative expenses	5	(22,919)	(20,913)
Expected credit loss on financial assets, net	5	(2,712)	(1,591)
Other gains		1,368	1,644
<b>Operating (loss)/profit</b>		<b>(6,208)</b>	8,509
Share of loss of an investment accounted for using equity method		(406)	–
Finance costs	6	(3,158)	(1,839)
<b>(Loss)/profit before income tax</b>		<b>(9,772)</b>	6,670
Income tax expense	7	(413)	(1,216)
<b>(Loss)/profit attributable to equity holders of the Company</b>		<b>(10,185)</b>	5,454
<b>(Loss)/earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	8	HK(0.23) cents	HK0.13 cents
<b>Attributable to:</b>			
Owners of the Company		(10,428)	5,454
Non-controlling interest		243	–
		<b>(10,185)</b>	5,454

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
<b>Comprehensive income</b>		
(Loss)/profit for the period	(10,185)	5,454
<b>Other comprehensive income</b>		
Currency translation differences	(878)	(376)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>(11,063)</b>	5,078
<b>Attributable to:</b>		
Owners of the Company	(11,306)	5,078
Non-controlling interest	243	–
	<b>(11,063)</b>	5,078

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	281,711	287,763
Intangible assets	10	53,875	54,495
Investment accounted for using equity method		5,999	30,000
Deposits, prepayments and other receivables	12	688	915
Deferred tax assets		7,931	8,292
		<b>350,204</b>	381,465
<b>Current assets</b>			
Inventories		4,246	–
Loan receivables	11	122,560	15,204
Account receivables	12	225,002	193,004
Deposits, prepayments and other receivables	12	49,951	2,364
Financial assets at fair value through profit or loss		596	786
Income tax recoverable		2,410	1,552
Bank balances held on behalf of clients		59,743	17,837
Pledged deposits at bank		40,512	–
Cash and cash equivalents		123,530	201,704
		<b>628,550</b>	432,451
<b>Total assets</b>		<b>978,754</b>	813,916
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	15	3,654	3,654
Other reserves		552,536	574,549
Retained earnings		46,691	57,119
		<b>602,881</b>	635,322
Non-controlling interest		4,065	–
<b>Total equity</b>		<b>606,946</b>	635,322

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
	Notes		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		232	310
		<b>232</b>	310
<b>Current liabilities</b>			
Account payables	13	57,947	17,834
Other payables and accrued expenses	13	2,590	2,452
Contract liabilities		1,475	358
Bank borrowings	14	308,019	156,513
Current income tax liabilities		1,545	1,127
		<b>371,576</b>	178,284
<b>Total liabilities</b>		<b>371,808</b>	178,594
<b>Total equity and liabilities</b>		<b>978,754</b>	813,916
<b>Net current assets</b>		<b>256,974</b>	254,167
<b>Total assets less current liabilities</b>		<b>607,178</b>	635,632

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited  
Attributable to equity holders of the Company

	Other reserves											Non-controlling interest	Total Equity	
	Share capital	Share premium	Employee share-based compensation reserve	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve	Share held under the share award	Share repurchase reserve	Sub total	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				Note (a)	Note (b)	Note (c)								
<b>For 6 months ended 30 September 2018</b>														
Balance as at 1 April 2018	3,408	354,518	22,882	50,374	2,480	1,042	3,943	-	-	435,239	100,394	539,041	-	539,041
Impact of adopting HKFRS 9	-	-	-	-	-	-	-	-	-	-	(2,304)	(2,304)	-	(2,304)
Impact of adopting HKFRS 15	-	-	-	-	-	-	-	-	-	-	(13,017)	(13,017)	-	(13,017)
<b>Adjusted balance as at 1 April 2018</b>	<b>3,408</b>	<b>354,518</b>	<b>22,882</b>	<b>50,374</b>	<b>2,480</b>	<b>1,042</b>	<b>3,943</b>	<b>-</b>	<b>-</b>	<b>435,239</b>	<b>85,073</b>	<b>523,720</b>	<b>-</b>	<b>523,720</b>
<b>Comprehensive income</b>														
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,454	5,454	-	5,454
<b>Other comprehensive income</b>														
Currency translation differences	-	-	-	-	-	-	(376)	-	-	(376)	-	(376)	-	(376)
Total comprehensive income	-	-	-	-	-	-	(376)	-	-	(376)	5,454	5,078	-	5,078
<b>Transaction with owners</b>														
Issuance of shares by Placing Employees share option scheme	250	150,005	-	-	-	-	-	-	-	150,005	-	150,255	-	150,255
- value of employee services	-	-	1,541	-	-	-	-	-	-	1,541	-	1,541	-	1,541
Share repurchased and yet to be cancelled	-	-	-	-	-	-	-	-	(456)	(456)	-	(456)	-	(456)
<b>Balance as at 30 September 2018</b>	<b>3,658</b>	<b>504,523</b>	<b>24,423</b>	<b>50,374</b>	<b>2,480</b>	<b>1,042</b>	<b>3,567</b>	<b>-</b>	<b>(456)</b>	<b>585,953</b>	<b>90,527</b>	<b>680,138</b>	<b>-</b>	<b>680,138</b>
<b>For 6 months ended 30 September 2019</b>														
Balance as at 1 April 2019	3,654	502,332	14,955	50,374	2,480	1,042	3,861	(495)	-	574,549	57,119	635,322	-	635,322
<b>Comprehensive income</b>														
Loss for the period	-	-	-	-	-	-	-	-	-	-	(10,428)	(10,428)	243	(10,185)
<b>Other comprehensive income</b>														
Currency translation differences	-	-	-	-	-	-	(878)	-	-	(878)	-	(878)	-	(878)
Total comprehensive income	-	-	-	-	-	-	(878)	-	-	(878)	(10,428)	(11,306)	243	(11,063)
<b>Transaction with owners</b>														
Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	3,822	3,822
Purchase of shares under share award scheme	-	-	-	-	-	-	-	(21,135)	-	(21,135)	-	(21,135)	-	(21,135)
<b>Balance as at 30 September 2019</b>	<b>3,654</b>	<b>502,332</b>	<b>14,955</b>	<b>50,374</b>	<b>2,480</b>	<b>1,042</b>	<b>2,983</b>	<b>(21,630)</b>	<b>-</b>	<b>552,536</b>	<b>46,691</b>	<b>602,881</b>	<b>4,065</b>	<b>606,946</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes:

**(a) Merger reserve**

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

**(b) Capital reserve**

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

**(c) Statutory reserve**

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Net cash used in operating activities	(148,714)	(16,311)
Net cash used in investing activities	(56,656)	(207,734)
Net cash generated from financing activities	127,213	232,906
Net (decrease)/increase in cash and cash equivalents	(78,157)	8,861
Cash and cash equivalents as at 1 April	201,704	200,254
Effect of foreign exchange rates changes on cash and cash equivalents	(17)	128
Cash and cash equivalents as at 30 September	123,530	209,243

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

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

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

This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

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

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

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new and revised standards beginning on 1 April 2019.

The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS") has had no significant effect on the interim condensed consolidated financial information and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial information.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 4. REVENUE AND SEGMENT INFORMATION

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

During the year ended 31 March 2019, the Group has changed the structure of its internal organisation in a manner that changes the compositions of its reportable segments by combining corporate finance advisory business and securities brokerage business. The CODM considers that the Group has three operating and reporting segments which are (i) computer and peripheral products business, (ii) financial services business (including securities brokerage business and advisory services business) and (iii) money lending business. As a result, the corresponding information for the six months ended 30 September 2018 has been restated.

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

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

	Unaudited			
	For the six months ended 30 September 2019			
	Computer and peripheral products business HK\$'000	Financial services business HK\$'000	Money lending business HK\$'000	Total HK\$'000
Revenue from external customers	368,311	4,266	4,922	377,499
Cost of sales from external customers	(359,209)	–	–	(359,209)
	9,102	4,266	4,922	18,290
Selling expenses	(235)	–	–	(235)
General and administrative expenses	(5,909)	(5,284)	(185)	(11,378)
Expected credit loss on financial assets, net	78	(2,121)	(669)	(2,712)
Other gains	928	379	–	1,307
Finance costs	(1,747)	–	–	(1,747)
Adjusted operating profit/(loss)	2,217	(2,760)	4,068	3,525
Unallocated expenses				(13,297)
Loss before income tax				(9,772)
Income tax expense				(413)
Loss for the period				(10,185)

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

	Unaudited			
	For the six months ended 30 September 2018 (Restated)			
	Computer and peripheral products business HK\$'000	Financial services business HK\$'000	Money lending business HK\$'000	Total HK\$'000
Revenue from external customers	372,185	16,467	3,214	391,866
Cost of sales from external customers	(362,245)	–	–	(362,245)
	9,940	16,467	3,214	29,621
Selling expenses	(233)	–	–	(233)
General and administrative expenses	(3,119)	(9,669)	(195)	(12,983)
Other gains	600	738	–	1,338
Finance costs	(737)	–	–	(737)
Adjusted operating profit	6,451	7,536	3,019	17,006
Unallocated expenses				(10,336)
Profit before income tax				6,670
Income tax expense				(1,216)
Profit for the period				5,454

Interest revenue of HK\$8,881,000 (Last Corresponding Period: HK\$7,901,000) was included in revenue from external customers, contributed by money lending business segment of HK\$4,922,000 (Last Corresponding Period: HK\$3,214,000) and securities brokerage business segment of HK\$3,959,000 (Last Corresponding Period: HK\$4,687,000), respectively.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

The following tables present segment assets, segment liabilities and capital expenditure as at 30 September 2019 and 31 March 2019.

	Unaudited As at 30 September 2019			
	Computer and peripheral products business HK\$'000	Financial services business HK\$'000	Money lending business HK\$'000	Total HK\$'000
Segment assets	323,775	234,529	127,909	686,213
Segment liabilities	227,375	58,135	–	285,510
Capital expenditure	–	–	–	–

  

	Audited As at 31 March 2019			
	Computer and peripheral products business HK\$'000	Financial services business HK\$'000	Money lending business HK\$'000	Total HK\$'000
Segment assets	284,420	167,239	30,448	482,107
Segment liabilities	73,915	18,212	–	92,127
Capital expenditure	12,089	79	–	12,168

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	<b>Unaudited As at 30 September 2019 HK\$'000</b>	Audited As at 31 March 2019 HK\$'000
<b>Segment assets</b>	<b>686,213</b>	482,107
Cash and cash equivalents	<b>5,141</b>	15,569
Property, plant and equipment	<b>270,273</b>	275,378
Deposits, prepayments and other receivables	<b>787</b>	1,018
Deferred tax assets	<b>7,931</b>	8,292
Investment accounted for using equity method	<b>5,999</b>	30,000
Income tax recoverable	<b>2,410</b>	1,552
<b>Total assets</b>	<b>978,754</b>	813,916
<b>Segment liabilities</b>	<b>285,510</b>	92,127
Deferred tax liabilities	<b>232</b>	310
Bank borrowings	<b>83,317</b>	84,610
Current income tax liabilities	<b>1,545</b>	1,127
Other unallocated liabilities	<b>1,204</b>	420
<b>Total liabilities</b>	<b>371,808</b>	178,594

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5. EXPENSES BY NATURE

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

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Cost of inventories sold	359,209	362,245
Auditor's remuneration	687	751
Depreciation of property, plant and equipment	5,884	4,153
Amortization of intangible assets	620	620
Legal and professional fees	1,616	855
Employee benefit expenses	8,247	8,268
Equity-settled share option expenses	–	1,541
Operating lease rentals of premises	1,599	1,537
Building management fee	1,036	785
Services fee for broker supplies system	668	669
Expected credit loss on financial assets, net:		
– Loan receivables	644	(223)
– Cash client receivables	2,121	2,283
– Trade receivable	(78)	(456)
– Interest receivable	25	(13)
Others	2,797	1,986
Total	385,075	385,001

## 6. FINANCE COSTS

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Finance costs		
– Interest expenses on bank borrowings	3,158	1,839

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 7. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	130	1,820
Deferred income tax		
– Hong Kong profits tax	283	(604)
	<b>413</b>	1,216

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

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

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

## 8. LOSS/EARNINGS PER SHARE

The calculation of basic loss per share (Last Corresponding Period: basic earnings per share) is based on the loss attributable to the equity holders of the Company for the Current Period of approximately HK\$10,185,000 (Last Corresponding Period: profit of approximately HK\$5,454,000) and of the weighted average number of approximately 4,363,028,951 (Last Corresponding Period: 4,191,241,180) ordinary shares in issue during the Current Period.

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

## 9. DIVIDENDS

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

Also, during the Current Period, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of approximately HK\$104,000 (Last Corresponding Period : approximately HK\$53,000) which resulting in a loss on disposal of approximately HK\$99,000 (Last Corresponding Period : gain of approximately HK\$115,000).

## 11. LOAN RECEIVABLES

	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
Loan receivables	<b>130,300</b>	22,300
Less: provision for impairment	<b>(7,740)</b>	(7,096)
Loan receivables, net	<b>122,560</b>	15,204

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 12. ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
<b>Non-current</b>		
Prepayment for leasehold improvements	–	227
Other non-current deposits	483	483
Other assets	205	205
<b>Total deposits, prepayments and other receivables presented as non-current assets</b>	<b>688</b>	915
<b>Current</b>		
Trade receivables (Note)	117,089	123,227
Cash client receivables	142,663	101,721
Due from clearing house	–	763
	<b>259,752</b>	225,711
Less: Impairment	<b>(34,750)</b>	(32,707)
<b>Total account receivables presented as current assets</b>	<b>225,002</b>	193,004
Prepayments	355	872
Deposits and other receivables	44,938	861
Interest receivables	5,212	1,160
	<b>50,505</b>	2,893
Less: Impairment	<b>(554)</b>	(529)
<b>Total deposits, prepayments and other receivables presented as current assets</b>	<b>49,951</b>	2,364
<b>Total account receivables, deposits, prepayments and other receivables</b>	<b>275,641</b>	196,283

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
HK\$	<b>155,119</b>	73,217
RMB	<b>288</b>	307
US\$	<b>120,234</b>	122,759
	<b>275,641</b>	196,283

Note:

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

	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
1 – 30 days	<b>25,361</b>	62,386
31 – 60 days	<b>53,446</b>	60,841
61 – 90 days	<b>38,282</b>	–
	<b>117,089</b>	123,227
Less: Impairment	<b>(703)</b>	(781)
	<b>116,386</b>	122,446

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 13. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
Account payables:		
Cash client payables (Note a)	57,801	17,834
Due to cleaning house (Note b)	146	–
<b>Total account payables</b>	<b>57,947</b>	<b>17,834</b>
Other payables and accrued expenses:		
Accrued expenses	2,516	2,386
Other payables	74	66
<b>Total other payables and accrued expenses</b>	<b>2,590</b>	<b>2,452</b>
<b>Total account payables, other payables and accrued expenses</b>	<b>60,537</b>	<b>20,286</b>

Note:

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 14. BANK BORROWINGS

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

	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
Within one year	<b>196,448</b>	42,756
Between one and two years	<b>4,861</b>	4,950
Between two and five years	<b>15,596</b>	15,733
Over five years	<b>91,114</b>	93,074
	<b>308,019</b>	156,513

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

	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
HK\$	<b>246,662</b>	148,710
US\$	<b>61,357</b>	7,803
	<b>308,019</b>	156,513

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 15. SHARE CAPITAL

Authorised shares:

As at 30 September 2019, the total authorised number of ordinary shares is 96,000 million shares (31 March 2019: 96,000 million shares) with a par value of HK\$0.0008333 per share (31 March 2019: HK\$0.0008333 per share).

	Unaudited 30 September 2019		Audited 31 March 2019	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Issued and fully paid:				
Ordinary shares				
At beginning of the period	<b>4,384,782</b>	<b>3,654</b>	4,089,492	3,408
Share issued by placing (Note)	–	–	300,510	250
Share repurchased and cancelled	–	–	(5,220)	(4)
At end of the period	<b>4,384,782</b>	<b>3,654</b>	4,384,782	3,654

Note:

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 16. COMMITMENTS

### (a) Operating lease commitments

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

	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
Not later than 1 year	<b>474</b>	1,895
Later than 1 year and not later than 5 years	–	–
	<b>474</b>	1,895

### (b) Capital commitments

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

	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
Contracted, but not provided for:		
Investment accounted for using equity method	<b>10,000</b>	10,000
Investment in subsidiary	<b>3,978</b>	–
Leasehold improvements	<b>1,833</b>	1,833
Office equipment	<b>32</b>	80
	<b>15,843</b>	11,913

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECT

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

### (i) Computer and peripheral products business

The Group operates in the computer and peripheral products industry which is dynamic and competitive and there have been constant changes in new technologies in the industry. During the period under review, the global economy remained fragile and challenging and the overall market competition remained intensive. Attributed to these market conditions, the Group effectively made good use of business and management strategies and appropriate inventory management to reduce the risk arising from the rapid changes of the market. The Group's overall revenue in the business segment of computer and peripheral products decrease from approximately HK\$372.2 million to approximately HK\$368.3 million during the period under review. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group also managed to further enhance its long term and close business relationships with suppliers and customers. The Group continues to monitor the market trends and takes prompt and appropriate actions to adjust our business strategies and allocates resources effectively under different market conditions.

### (ii) Financial services business

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

#### *Financial services business*

During the period under review, the global economic and financial market continued to fluctuate and the China's economic slowdown which brought uncertainties to the overall business environment. For the Current Period, the Group recorded a revenue of approximately HK\$4.3 million and an operating loss of approximately HK\$2.8 million in the business segment of financial services business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Money lending business*

The Group engaged in money lending business through an indirect wholly-owned subsidiary of the Company, which holds a money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. The Group recorded an increase in total revenue of this business segment from approximately HK\$3.2 million in Last Corresponding Period to approximately HK\$4.9 million for the Current Period. The Group continued to make efforts to develop the money lending business. Even though the market competition of the money lending industry in Hong Kong is increasing and also the uncertain external business environment, the loan demand in Hong Kong remains robust during recent years. The Group continued to make efforts to develop the money lending business and the Group believes that the money lending business will have a promising prospect.

## LOOKING AHEAD

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

## FINANCIAL REVIEW

### Revenue and Gross Profit Margin

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

- Computer and peripheral products business: approximately HK\$368.3 million, being a decrease of approximately HK\$3.9 million when compared to the Last Corresponding Period of approximately HK\$372.2 million
- Financial services business: approximately HK\$4.3 million, being a decrease of approximately HK\$12.2 million when compared to the Last Corresponding Period of approximately HK\$16.5 million
- Money lending business: approximately HK\$4.9 million, being an increase of approximately HK\$1.7 million when compared to the Last Corresponding Period of approximately HK\$3.2 million

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's total revenue for the period was approximately HK\$377.5 million, being a decrease of approximately HK\$14.4 million when compared to the Last Corresponding Period of approximately HK\$391.9 million. The decrease was mainly attributable to decrease in revenue derived from computer and peripheral products business and financial services business, which was partially offset by the increase in revenue contribution from money lending business.

Gross profit margin for the period was approximately 4.8% (Last Corresponding Period: approximately 7.6%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from computer and peripheral products business and lower gross profit earned from financial services business for the period.

## Selling Expenses

The decrease in selling expenses by approximately HK\$0.02 million was mainly due to the decrease in testing fee.

## General and Administrative Expenses

General and administrative expenses for the period increased by approximately HK\$2.0 million from the Last Corresponding Period, which was mainly due to the increase in depreciation of property, plant and equipment, legal and professional fees, entertainment and building management fee which was partially offset by the decrease in share option expenses.

## Expected Credit Loss on Financial Assets

The Group has adopted HKFRS 9 to replace HKAS 39 for annual periods beginning on or after 1 April 2018. Adoption of HKFRS 9 resulted in charge of expected credit loss on financial assets of approximately HK\$2.7 million for the Current Period.

## Other Gains

The Group's other gains for the Current Period was approximately HK\$1.4 million, being a decrease of approximately HK\$0.2 million when compared to the other gains in Last Corresponding Period of approximately HK\$1.6 million. The decrease was mainly due to loss on disposal of property, plant and equipment and the decrease in handling fee income, which was partially offset by the increase in bank interest income and exchange gains during the period.

## Finance Costs

Finance costs for the period was approximately HK\$3.2 million, being an increase of approximately HK\$1.4 million when compared to the Last Corresponding Period of approximately HK\$1.8 million. The increase was mainly attributable to more bank interest expenses being incurred due to the increase in bank borrowings during the Current Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Income Tax**

Income tax expense for the period was approximately HK\$0.4 million (Last Corresponding Period: approximately HK\$1.2 million), the change was mainly due to the decrease in deferred tax assets and assessable profits for the period.

## **(Loss)/Profit Attributable to Equity Holders of the Company**

The loss attributed to equity holders of the Company amounted to approximately HK\$10.2 million (Last Corresponding Period: profit attributable to equity holders of the Company of approximately HK\$5.5 million), resulted in a basic loss per share of HK0.23 cent (Last Corresponding Period: basic earnings per share HK0.13 cent) and diluted loss per share of HK0.23 cent (Last Corresponding Period: diluted earnings per share HK0.13 cent).

## **Inventories, Loan Receivables and Account Receivables**

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities. Inventories as at 30 September 2019 was approximately HK\$4.2 million (31 March 2019: nil). The overall inventories turnover days remained fairly stable for the Current Period.

As at 30 September 2019, the Group's loan receivables amounted to HK\$122.6 million, which arise from its money lending business in Hong Kong, are all repayable within one year from the dates of inception of the loan agreements and an impairment allowance of approximately HK\$0.6 million was provided for the Current Period.

The Group continues to closely monitor the settlements from its customers on a going basis to manage the credit risk from time to time. The Group's account receivables increased by approximately HK\$32.0 million, from approximately HK\$193.0 million as at 31 March 2019 to approximately HK\$225.0 million as at 30 September 2019. The Group recorded an expected credit loss on trade receivables and cash client receivables of approximately HK\$2.0 million for the Current Period.

## **Liquidity, Financial Resources and Treasury Policy**

The Group maintained a solid financial position during the period. As at 30 September 2019, cash and cash equivalents of the Group amounted to approximately HK\$123.5 million (31 March 2019: approximately HK\$201.7 million), and the Group's net assets amounted to approximately HK\$606.9 million (31 March 2019: approximately HK\$635.3 million). As at 30 September 2019, there was approximately HK\$308.0 million outstanding bank borrowings balance (31 March 2019: approximately HK\$156.5 million). As at 30 September 2019, the current ratio was approximately 1.7 (calculated by dividing the total current assets by total current liabilities).

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

## Capital Structure and Fund Raising Activities

The capital of the Company comprises only ordinary shares.

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

As at 30 September 2019, the number of ordinary shares of the Company in issue and fully paid was 4,384,782,000.

## Capital Commitments

Other than disclosed in Note 16(b) to the interim condensed consolidated financial information in this report, the Group had no other capital commitments as at 30 September 2019.

## Pledge of Assets

As at 30 September 2019, the Group has pledged the properties with carrying values of approximately HK\$268.5 million (31 March 2019: approximately HK\$273.2 million) to secure general banking facilities granted to the Group.

## Foreign Currency Exposure

The Group exposes to certain foreign currency risk primarily with respect to Renminbi ("RMB") and United States dollar ("US\$") as most of the transactions are denominated in Hong Kong dollar ("HK\$"), RMB and US\$. The Group is exposed to foreign exchange risk primarily through expenses transactions that are denominated in currencies other than the functional currencies of the group companies. During the period, the Group generated a foreign exchange gain of approximately HK\$0.6 million (Last Corresponding Period: approximately HK\$0.5 million). The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the period, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep at an acceptable level from time to time.

## Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2019 and 31 March 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM DIVIDEND

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

## USE OF PROCEEDS

On 9 September 2013 (the "Listing Date"), the Company completed the placing of 69,000,000 shares of par value of HK\$0.01 each at an issue price of HK\$0.90 per share. The net proceeds from the placing were approximately HK\$36 million. The actual use of proceeds up to 31 March 2019 had been disclosed in the Annual Report 2019 and the revised schedule of the plan for the use of proceeds had been disclosed in the annual report 2016 of the Company. As at 30 September 2019, net proceeds of HK\$17.2 million had been utilised and approximately HK\$18.8 million of the net proceeds remains unutilised. All the unutilised balances have been placed in licensed banks in Hong Kong.

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

	<b>Intended use of proceeds for the six months ended 30 September 2019</b>	<b>Actual use of proceeds for the six months ended 30 September 2019</b>
	HK\$'000	HK\$'000
Increase market share	2,580	2,285
Strengthen R&D and design capability	556	44
Enhance quality control and improve production capability	949	114
<b>Total:</b>	<b>4,085</b>	<b>2,443</b>

## CHANGE IN USE OF PROCEEDS

In order to utilise the net proceeds for better utilisation of the Group's resources and to cope with the business operations of the Group, the Board of Directors further reviewed the utilization of the net proceeds and resolved to change the use of the remaining unutilized net proceeds as follows:

## MANAGEMENT DISCUSSION AND ANALYSIS

	Planned use of proceeds HK\$000	Actual use of proceeds up to 30 September 2019 HK\$000	Unutilised proceeds as at 30 September 2019 HK\$000	Revised allocation of the unutilised proceeds HK\$000
Increase market share	13,140	9,450	3,690	3,690
Strengthen R&D and design capability	13,860	1,885	11,975	–
Enhance quality control and improve production capability	5,400	2,278	3,122	200
General working capital	3,600	3,600	–	–
Procurement of computer and peripheral products	–	–	–	14,897
	36,000	17,213	18,787	18,787

### REASONS FOR AND BENEFIT OF THE CHANGE IN USE OF PROCEEDS

The Group operates in the computer and peripheral products industry which is dynamic and competitive. Looking back to the year, the global economic and financial market continued to be challenging and fluctuate and China's economic growth continued to slow down. The Sino-US trade disputes also brought uncertainties to the overall business environment during the year under review. Under such unfavorable economic and market situation, there were numerous challenges in the industry which the Group operates. The Group will continue to put effort to adopt robust business strategies, actively seized opportunities, keep on tight control of its operations and focused on enhancing operation efficiency in the computer and peripheral products business. The Directors considers that it would be more beneficial for the Group to reallocate and more focus the resources on the trading business of computer and peripheral products. Trading business of computer and peripheral products is the Group's major business since 2011 and the Group will continue to effectively made good use of business and management strategies in order to enhance its competitiveness and profitability. The Group will reallocate sufficient resources on procurement of profitable and competitive computer and peripheral products. The Group will put effort on soliciting of new customers and suppliers of the trading business of computer and peripheral products and also further enhance its long term and close business relationships with exiting customers and suppliers. The Directors considers that the reallocation of the remaining unutilized proceeds will allow the Company to deploy its financial resources more effectively.

The Board considers that the above changes in the use of proceeds and the treatment of unutilised proceeds are fair and reasonable, and would meet the financial needs of the Group more efficiently and enhance the flexibility in financial management of the Company. The Board is of the view that the reallocation of the unutilised proceeds is in line with the business strategy of the Group and will not adversely affect the operation and business of the Group and is in the best interests of the Company and the Shareholders as a whole. The Directors will constantly evaluate the Group's business plan and may change or modify plans to cope with the changing market conditions to attain sustainable business growth of the Group.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTOR

**Mr. George LU**, aged 56, 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 sixteen years of experience in the computer and peripheral products industry. Mr. Lu is the spouse of Ms. Shen Wei, a Controlling Shareholder of the Company. Mr. Lu is also the elder brother of Ms. Lu Qinzhen, a senior management of our Group. 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.

## NON-EXECUTIVE DIRECTOR

**Mr. PANG Chung Fai Benny**, aged 47, has been re-designated from an Executive Director to a Non-Executive Director and ceased to be the Vice Chairman of the Company with effect from 12 April 2018. Mr. Pang was re-designated from an independent Non-Executive Director to an Executive Director and was appointed as Vice Chairman of the Company from 26 January 2017 to 12 April 2018. He was an independent Non-Executive Director of the Company from June 2012 to January 2017. Mr. Pang is currently the managing partner of Benny Pang & Co. Between 2012 to January 2017, Mr. Pang was the managing partner of Loeb & Loeb LLP (formerly known as Pang & Co. in association with Loeb & Loeb LLP), a firm of solicitors in Hong Kong. Between 1997 and 2012, Mr. Pang practised as a lawyer with several international law firms in Hong Kong and Sydney. Mr. Pang received his bachelor’s degree in laws (honors) from Bond University, Australia, in 1996. In 1997, Mr. Pang obtained his Graduate Diploma in Legal Practice and master’s degree in laws from The College of Law, Sydney and the University of New South Wales, Australia, respectively. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009. He is a member of both the Law Society of New South Wales, Australia and the Law Society of Hong Kong. Mr. Pang is currently the independent non-executive director of Sanbase Corporation Limited (stock code: 8501), a company listed on the Growth Enterprise Market of the Stock Exchange (“GEM”). Mr. Pang is also currently the independent non-executive director of Yuanda China Holdings Limited (stock code: 2789), a company listed on the Main Board of the Stock Exchange. Mr. Pang was appointed as an independent non-executive director of China Regenerative Medicine International Limited (stock code: 8158), a company listed on GEM, from 20 September 2012 to 1 June 2018.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LOO Hong Shing Vincent**, aged 53, 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 31 years of experience in the accounting, auditing, corporate finance and business advisory areas. Prior to 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 graduated from the Hong Kong Polytechnic University with a Professional Diploma in Accountancy in 1988 and has been a member of the Hong Kong Institute of Certified Public Accountants since 1992 and a fellow member of the Association of Chartered Certified Accountants since 1996.

**Mr. ZHU Shouzhong**, aged 62, 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 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 majored in finance and obtained a master's degree in business administration from Southern Cross University of Australia.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. LI Huaqiang**, aged 61, 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 stateowned 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 China Securities 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 43, is the Managing Director and Chief Financial Officer of the Group. Mr. Wong is also the chairman of the Corporate Governance Committee of the Company. Mr. Wong is responsible for overall operation management and 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.HK), a company listed on the Main Board of the Stock Exchange of Hong Kong, 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 Chinese Accountants & Auditors.

## OTHER INFORMATION

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

As at 30 September 2019, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital (Note 3)
Mr. George Lu	Interest of controlled corporation (Note 1)	2,414,552,000	55.07
	Beneficial owner (Note 1)	369,093,333	8.42
Mr. Loo Hong Shing Vincent	Beneficial owner (Note 2)	1,500,000	0.03
Mr. Pang Chung Fai Benny	Beneficial owner (Note 2)	1,500,000	0.03

- (1) There are 2,414,552,000 shares were registered in the name of Forever Star Capital Limited ("Forever Star"). Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star, a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the shares which are beneficially owned by Forever Star. Mr. George Lu is the beneficial owner of total 369,093,333 shares. Among these 369,093,333 shares, 28,333,333 shares related to share options granted by the Company to Mr. George Lu and 194,960,000 shares related to rights to the shares under equity derivatives, respectively.
- (2) These interests are underlying shares of the Company in respect of share options granted by the Company to each of Mr. Loo Hong Shing Vincent and Mr. Pang Chung Fai Benny.
- (3) The percentage holding is calculated based on the issued share capital of the Company as at 30 September 2019 comprising 4,384,782,000 shares.

## OTHER INFORMATION

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

As at 30 September 2019, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Division 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

#### Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner	2,414,552,000	55.07
Ms. Shen Wei	Interest of spouse (Note 1)	369,093,333	8.42
	Interest in controlled corporation (Note 2)	2,414,552,000	55.07
China Goldjoy Securities Limited	Custodian interest (Note 3)	346,912,000	7.91
Newpont Holdings Limited	Beneficial owner	231,000,000	5.27

Notes:

- (1) Ms. Shen Wei is the spouse of Mr. George Lu, an Executive Director and the Chairman and Chief Executive Officer of the Company, and is therefore deemed to be interested in the 145,800,000 Shares held by Mr. George Lu who is the beneficial owner, 28,333,333 underlying Shares held by Mr. George Lu in respect of his interests in share options of the Company, and 194,960,000 shares related to rights to the shares under equity derivatives, respectively, by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.
- (2) Ms. Shen Wei owns 50% of Forever Star and is therefore deemed to be interested in the 2,414,552,000 Shares held by Forever Star by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.
- (3) According to the information available to the Company, China Goldjoy Securities Limited is a custodian of a total 346,912,000 Shares.

## OTHER INFORMATION

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.

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.

## OTHER INFORMATION

As at 30 September 2019, options to subscribe for an aggregate of 127,901,333 shares granted to the Directors and employees pursuant to the Scheme remained outstanding, details of which are as follows:

Type of participants	Date of grant	Exercisable period	Exercise price	Outstanding as at 1 April 2019	Granted during the period	Exercise during the period	Lapsed during the period	Outstanding as at 30 September 2019
<b>Directors</b>								
Mr. George Lu	24 February 2017	24 February 2017 to 20 December 2019	HK\$0.55	28,333,333	-	-	-	28,333,333
Mr. Pang Chung Fai Benny	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2017 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2018 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
Mr. Loo Hong Shing Vincent	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2017 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
		21 December 2018 to 20 December 2019	HK\$0.55	500,000	-	-	-	500,000
<b>Employees</b>								
	21 December 2016	21 December 2016 to 20 December 2019	HK\$0.55	30,901,333	-	-	-	30,901,333
		21 December 2017 to 20 December 2019	HK\$0.55	32,833,333	-	-	-	32,833,333
		21 December 2018 to 20 December 2019	HK\$0.55	32,833,334	-	-	-	32,833,334
				127,901,333	-	-	-	127,901,333

## 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.

## OTHER INFORMATION

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 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 period, the trustee acquired 41,484,000 ordinary shares of the Company for the Share Award Scheme through purchases in the open market, at a total cost, including related transaction costs of approximately HK\$21,135,000.

During the period ended 30 September 2019, no Awarded Shares were granted to any Eligible Persons of the Group.

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

During the Current Period, the trustee of the share award scheme adopted by the Company on 14 March 2019, pursuant to the terms of the rules and trust deed of the share award scheme, purchased on the Stock Exchange a total of 41,484,000 ordinary shares of the Company at a total consideration of approximately HK\$21,135,000.

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

## OTHER INFORMATION

### CORPORATE GOVERNANCE CODE

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

#### CG Code provision A.2.1

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

### REVIEW OF FINANCIAL INFORMATION

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

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

Hong Kong, 20 November 2019

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