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**HK Asia Holdings Limited**

**港亞控股有限公司**

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

**(Stock code: 1723)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2019 AND  
CHANGE OF ADDRESS OF HONG KONG BRANCH  
SHARE REGISTRAR AND TRANSFER OFFICE**

**FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the year was approximately HK\$195.0 million, representing an increase of approximately 1.0% as compared with approximately HK\$193.2 million for the corresponding period in 2018.
- Gross profit of the Group for the year was approximately HK\$66.8 million, representing an increase of approximately 8.0% as compared with approximately HK\$61.8 million for the corresponding period in 2018.
- Profit for the year was approximately HK\$15.9 million, representing a decrease of approximately 17.8% as compared with approximately HK\$19.4 million for the corresponding period in 2018. Excluding the non-recurring listing expenses amounting to approximately HK\$12.5 million for the year (2018: approximately HK\$9.4 million), the Group's adjusted profit for the year would have been approximately HK\$28.4 million, representing a decrease of approximately 1.4% as compared with approximately HK\$28.8 million for the corresponding period in 2018.
- Basic and diluted earnings per share attributable to the owners of the Company was HK4.44 cents for the year.
- The Board did not recommend the payment of a final dividend for the year ended 31 March 2019.

The board (the “**Board**”) of directors (the “**Directors**”) of HK Asia Holdings Limited (the “**Company**”) is pleased to announce the consolidated audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018 as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2019*

	<i>Notes</i>	<b>2019</b> <i>HK\$’000</i>	2018 <i>HK\$’000</i>
<b>Revenue</b>	<i>5</i>	<b>195,018</b>	193,244
Cost of sales		<u>(128,222)</u>	<u>(131,421)</u>
<b>Gross profit</b>		<b>66,796</b>	61,823
Other revenue	<i>6</i>	<b>2,979</b>	2,625
Selling and distribution expenses		<b>(24,918)</b>	(23,322)
Administrative expenses		<u>(23,538)</u>	<u>(16,114)</u>
<b>Profit before taxation</b>	<i>7</i>	<b>21,319</b>	25,012
Taxation	<i>8</i>	<u>(5,373)</u>	<u>(5,619)</u>
<b>Profit for the year</b>		<u><b>15,946</b></u>	<u>19,393</u>

	<b>2019</b>	2018
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Other comprehensive income, net of income tax</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Profit arising on revaluation of available-for-sale financial assets	—	90
	<u>          </u>	<u>          </u>
<b>Total comprehensive income for the year</b>	<b>15,946</b>	19,483
	<u>          </u>	<u>          </u>
<b>Profit for the year attributable to owners of the Company</b>	<b>15,946</b>	19,393
	<u>          </u>	<u>          </u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>15,946</b>	19,483
	<u>          </u>	<u>          </u>
<b>Earnings per share</b>		
Basic and diluted ( <i>HK cents</i> )	9	
	<b>4.44</b>	6.12
	<u>          </u>	<u>          </u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,789</b>	1,736
Available-for-sale financial assets		–	870
Financial assets at fair value through profit or loss		<b>980</b>	–
		<u><b>2,769</b></u>	<u>2,606</u>
<b>Current assets</b>			
Inventories		<b>56,310</b>	32,464
Trade receivables	<i>11</i>	<b>1,049</b>	3,197
Deposits, prepayments and other receivables		<b>5,687</b>	9,081
Amount due from a related party		<b>164</b>	–
Cash and cash equivalents		<b>87,504</b>	28,136
		<u><b>150,714</b></u>	<u>72,878</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accruals, other payables and receipts in advance		<b>3,604</b>	4,811
Contract liabilities		<b>34</b>	–
Amount due to a related party		–	6,055
Tax payables		<b>881</b>	1,156
		<u><b>4,519</b></u>	<u>12,022</u>
<b>Net current assets</b>		<u><b>146,195</b></u>	<u>60,856</u>
<b>Total assets less current liabilities</b>		<u><b>148,964</b></u>	<u>63,462</u>

	<i>Notes</i>	<b>2019</b> <b><i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
<b>Net assets</b>		<b><u>148,964</u></b>	<b><u>63,462</u></b>
<b>Equity</b>			
Share capital		<b>4,000</b>	670
Reserves		<b><u>144,964</u></b>	<u>62,792</u>
<b>Total equity</b>		<b><u>148,964</u></b>	<b><u>63,462</u></b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 May 2016 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 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 27 September 2018.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the Company’s principal place of business is at 24/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, Sheung Wan, Hong Kong. The Company is an investment holding company. The Group is principally engaged in wholesale and retail sales of the pre-paid products (i.e. SIM card and top-up voucher) (the “**Pre-paid Products**”) in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company and its principal subsidiaries and all values are rounded to the nearest thousands (HK\$’000) except when otherwise stated.

## 2. GROUP REORGANISATION

Pursuant to the corporate reorganisation (the “**Reorganisation**”) as fully explained in the section headed “History, Reorganisation and Development” of the prospectus of the Company dated 11 September 2018 (the “**Prospectus**”), the Company became the holding company of the companies now comprising the Group on 5 September 2018. Before and after the completion of the Reorganisation and throughout the Track Record Periods (as defined in the Prospectus) or since their respective dates of incorporation, where there is a shorter period, all the companies comprising the Group have been under common control of Mr. Siu Muk Lung (“**Mr. Siu**”).

The Reorganisation is merely a reorganisation of the listing business with no change in management of such business and the ultimate owner of the business. Accordingly, the Financial Information has been prepared by applying the principles of merger accounting, as prescribed in Hong Kong Guideline 5 “Merger Accounting for Common Control Combinations” issued by HKICPA, as if the Reorganisation had been completed at the beginning of the reporting period.

Accordingly, the consolidated financial statements of the Group for the year ended 31 March 2019 have been prepared using the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as if the current group structure had been in existence throughout the year under review, or since their respective dates of incorporation or acquisition, where there is a shorter period.

Pursuant to the Reorganisation detailed below, the Company has become the holding company of the companies now comprising the Group on 5 September 2018. The Company and its subsidiaries have been under the common control of Mr. Siu throughout the reporting period, and before and after the Reorganisation, or since their respective dates of incorporation, where there is a shorter period.

The Group has undergone the corporate reorganisation to rationalize the Group's structure in preparation for the listing which involved the following steps:

#### **Incorporation of the Company**

On 5 May 2016, the Company was incorporated under the Companies Law in the Cayman Islands as an exempted company with limited liability with an authorized share capital of HK\$380,000 divided into 38,000,000 Shares. 1 share of the Company was allotted and issued fully paid at par to an initial subscriber upon incorporation and on the same date, the one subscriber share was transferred to Mr. Siu. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 3 June 2016.

#### **Incorporation of HK Asia Mobile Communications Limited (“HK Asia Mobile”)**

On 13 June 2016, HK Asia Mobile was incorporated in the British Virgin Islands with limited liability. HK Asia Mobile was initially authorised to issue a maximum of 50,000 shares of US\$1.00 each. 1 share of HK Asia Mobile was issued to the Company for cash at par and therefore HK Asia Mobile was the Company's wholly-owned subsidiary.

#### **Transfer of share of China Way (Far East) Limited (“China Way”) from Mobile Phone Direct Selling Centre Limited (“MP Direct Selling Centre”) to Mr. Siu**

China Way is a company incorporated in Hong Kong with limited liability on 26 November 2004 with issued share capital of HK\$2.00 and its entire issued share capital was beneficially owned as to 50% by Mr. Siu and 50% by MP Direct Selling Centre prior to the Reorganisation.

On 9 August 2017, 1 share of China Way was transferred from MP Direct Selling Centre to Mr. Siu at a consideration of HK\$1 with reference to the net asset value of China Way. After such transfer of share in China Way, China Way ceased to be a member of the Group.

Having considered that the business and the assets held by China Way are not related to the business of the Group, China Way has been disposed of and is not included in the Group.

**Acquisition of MP Direct Selling Centre, Hong Kong Mobile Phone Limited (“HK Mobile”), Golden Bright Holdings Limited (“Golden Bright”), Harvest Triple Holdings Limited (“Harvest Triple”), Hong Kong Asia Telecom Limited (“HK Asia Telecom”) and Kinson Group Company Limited (“Kinson Group”) by the Company**

Pursuant to a sale and purchase agreement entered into among, Mr. Siu, HK Asia Mobile and the Company on 27 August 2018, HK Asia Mobile acquired:

- (a) the entire issued share capital of MP Direct Selling Centre from Mr. Siu as beneficial owner;
- (b) the entire issued share capital of HK Mobile from Mr. Siu as beneficial owner;
- (c) the entire issued share capital of Golden Bright from Mr. Siu as beneficial owner;
- (d) the entire issued share capital of Harvest Triple from Mr. Siu as beneficial owner;
- (e) the entire issued share capital of HK Asia Telecom from Mr. Siu as beneficial owner; and
- (f) the entire issued share capital of Kinson Group from Mr. Siu as beneficial owner.

In consideration of the above acquisition:

- (a) HK Asia Mobile had, at the direction of Mr. Siu, procured the Company to allot and issue 17,000,000 Shares to Mr. Siu, credited as fully paid.
- (b) 1 ordinary share of US\$1.00 in HK Asia Mobile, credited as fully paid, was allotted and issued to the Company.

The transfer of the acquired shares of MP Direct Selling Centre, HK Mobile, Golden Bright, Harvest Triple, HK Asia Telecom and Kinson Group took effect on 5 September 2018.

After the above acquisition, each of HK Asia Mobile, MP Direct Selling Centre, HK Mobile, Golden Bright, Harvest Triple, HK Asia Telecom and Kinson Group became wholly-owned subsidiaries of the Company.



### 3.1 BASIS OF PREPARATION

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and accounting principles generally accepted in Hong Kong. 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.

#### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, 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.

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, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 or value in use in HKAS 36.

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.

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

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

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the “**new and amendments to HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for annual periods on or after 1 April 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

## Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standards below.

<b>Consolidated statement of financial position (extract)</b>	<b>At 31 March 2018 <i>HK\$'000</i></b>	<b>Impact on initial application of HKFRS 9 <i>HK\$'000</i></b>	<b>Impact on initial application of HKFRS 15 <i>HK\$'000</i></b>	<b>At 1 April 2018 <i>HK\$'000</i></b>
<b>Non-current assets</b>				
Available-for-sales financial assets	870	(870)	–	–
Financial assets at fair value through profit or loss	–	870	–	870
<b>Current liabilities</b>				
Accruals, other payables and receipts in advance	4,811	–	(937)	3,874
Contract liabilities	–	–	937	937

### ***HKFRS 9 Financial Instruments***

In the current year, the Group has applied HKFRS 9 Financial Instruments, HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, and 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable, as comparative information was prepared under HKAS 39, ‘Financial Instruments: Recognition and Measurement’.

## ***Summary of effects arising from initial application of HKFRS 9***

### *Classification and measurement of financial assets and financial liabilities*

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	<b>Available- for-sale financial assets HK\$'000</b>	<b>Financial assets at FVTPL HK\$'000</b>
<b>Closing balance at 31 March 2018 – HKAS 39</b>	870	–
<b>Effect arising from initial application of HKFRS 9:</b>		
<b>Reclassification</b>		
From available-for-sale financial assets	(870)	870
<b>Opening balance at 1 April 2018</b>	<u>–</u>	<u>870</u>

### *From available-for-sale financial assets to financial assets at FVTPL*

Unlisted club debentures with a fair value of HK\$870,000 were reclassified from available-for-sale financial assets to financial assets at FVTPL, as the investment is held as long-term strategic investments that do not represent solely payments of principal and interest, so they do not meet the HKFRS 9 criteria for classification at amortised cost.

### ***Impairment under ECL model***

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has assessed the expected credit loss model applied to the trade receivables as at 1 April 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

The adoption of expected credit loss model under HKFRS 9 did not have material impact on allowance for impairment of trade receivables calculated under HKAS 39.

ECL for other financial assets at amortised cost, including cash and bank balances, other receivables and deposits are assessed on 12-month ECL (“**12m ECL**”) basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognised at 1 April 2018.

#### ***HKFRS 15 Revenue from Contracts with Customers and the related amendments***

As a result of the changes in the Group’s accounting policies, as explained below, except for the reclassification of the contract liabilities from receipt in advance of HK\$937,000 at initial application, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any impact on the amounts reported in the consolidated financial information and/or disclosures set out in the consolidated financial information except that, the Group has adopted the following accounting policies on revenues with effect from 1 April 2018.

HKFRS 15 requires that revenue from contracts with customers be recognised upon the transfer of control over goods or services to the customer. As such, upon adoption, this requirement under HKFRS 15 resulted in immaterial impact to the consolidated financial statements as the timing of revenue recognition on sale of goods is nearly unchanged. Thus there was no impact on the Group’s consolidated statement of financial position as of 1 April 2018.

### ***New and amendments to HKFRSs in issue but not yet effective***

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

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of Business <sup>4</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January 2019

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1st January 2021

<sup>4</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January 2020

<sup>5</sup> Effective for annual period beginning on or after 1st January 2020

#### **4. OPERATING SEGMENT**

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the years ended 31 March 2019 and 2018, the information reported to the executive Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line or geographical area and the executive Directors reviewed the financial results of the Group as a whole reported under HKFRSs.

The Group currently has one operating segment which is revenue from sale of the Pre-paid Products (i.e. SIM Cards and top-up vouchers). Accordingly, the Group does not have separate reportable segments.

## Geographical information

As all the Group's operations and non-current assets are located in Hong Kong, no geographical analysis is presented.

### *Information about major customers*

Revenue from major customers, contributing over 10% or more of the total sales of the Group during the years ended 31 March 2019 and 2018 is as follow:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Customer A	– <sup>1</sup>	32,492
Customer B	<b>37,124</b>	– <sup>1</sup>
Retailer A	– <sup>1</sup>	24,916
	<u><u>          </u></u>	<u><u>          </u></u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 5. REVENUE

Revenue, which is also the Group's turnover, represents the income generated by sale of Pre-paid Products during the year.

All of the Group's revenue from contracts with customers is generated in Hong Kong based on where goods are sold. All revenue contracts are for a period of one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Sales of Pre-paid Products recognised at point in time	<b>195,018</b>	193,244
	<u><u>          </u></u>	<u><u>          </u></u>

## 6. OTHER REVENUE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Promotion income	780	780
Consignment income	2,007	1,822
Sundry income	82	23
Fair value gain on financial assets at fair value through profit or loss	<u>110</u>	<u>–</u>
	<u><b>2,979</b></u>	<u><b>2,625</b></u>

## 7. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Auditors' remuneration	1,000	329
Cost of inventories recognised as an expense	128,222	131,421
Depreciation of property, plant and equipment	642	480
Employee benefit expenses (including Directors' emoluments)	11,246	9,306
Minimum lease payment under operating lease in respect of premises	12,513	12,108
Listing expenses	12,461	9,421
Advertising and promotion expenses	<u><b>5,653</b></u>	<u><b>4,110</b></u>



## 8. TAXATION

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>

The taxation charge comprises:

Hong Kong Profits tax

– Current year	<u>5,373</u>	<u>5,619</u>
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On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Group is subject to Hong Kong Profit Tax at a rate of 16.5% for the year ended 31 March 2018.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>

*Earnings:*

*Earning for the purpose of calculation of calculation basic*

*earnings per share*

– Profit for the year attributable to owners of the Company	<u>15,946</u>	<u>19,393</u>
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2019	2018
<i>'000</i>	<i>'000</i>

Number of shares:

Weighted average number of ordinary shares in issue	<u>359,296</u>	<u>317,000</u>
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For the year ended 31 March 2018, the number of ordinary shares for the purpose of calculating basic earning per share was the number of shares in issue immediately after the completion of capitalisation issue as described in the Prospectus.

Diluted earnings per share for the years ended 31 March 2019 and 2018 were the same as the basic earnings per share as there were no potential dilutive ordinary shares existing during the reporting period.

## 10. DIVIDENDS

During the year ended 31 March 2018, HK Mobile paid dividends of approximately HK\$30,000,000, to its shareholders.

The Board did not recommend the payment for any dividend for the year ended 31 March 2019.

## 11. TRADE RECEIVABLES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	<u><b>1,049</b></u>	<u>3,197</u>

The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 0 days to 21 days to its customers.

The following table sets forth the ageing analysis of trade receivables, based on invoice date, as at the dates indicated:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 10 days	<b>718</b>	1,808
Over 10 days	<u><b>331</b></u>	<u>1,389</u>
	<u><b>1,049</b></u>	<u>3,197</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group conducts wholesale and retail sales of Pre-paid Products in Hong Kong targeted at Indonesian and Filipino consumers and Pre-paid Products targeted at mobile users who demand for local and international phone call and/or mobile data services in Hong Kong and overseas (“**Other Users**”). The Group is a long-established and well-recognized distributor in the industry.

During the period from the listing of shares of the Company on the Main Board of the Stock Exchange (the “**Listing**”) on 27 September 2018 (the “**Listing Date**”) to 31 March 2019, the Group obtained two more products sourced from the suppliers for sales, including a Pre-paid Product with face value of HK\$118 for 8 days and 6GB data for use of mobile data services in 9 Asia Pacific countries and territories and a Pre-paid Product with face value of HK\$238 inclusive of 5GB data for use of mobile data services in Hong Kong, Macau, the People’s Republic of China and Taiwan.

### **OUTLOOK AND PROSPECT**

The Group is seeking to expand its business and further increase its market share in the sectors of Pre-paid Products targeted at (i) Indonesian and Filipino consumers; and (ii) Other Users.

The Group plans to open new retail shops in selective locations, increase the number of retailers in sales network, increase advertising and marketing activities and strengthen the Group’s inventory management capability.

## **FINANCIAL REVIEW**

### **Revenue**

During the year ended 31 March 2019, the Group's revenue amounted to approximately HK\$195.0 million, representing an increase of approximately 1.0% as compared to approximately HK\$193.2 million for the year ended 31 March 2018. The increase in revenue was mainly due to the increase in sales to the wholesaler and retailers within the Group's sales network by approximately HK\$5.4 million which offset the effect of decrease in sales made by the Group's own retail shops by approximately HK\$3.6 million.

### **Gross profit and gross profit margin**

The Group's gross profit increased by approximately HK\$5.0 million or 8.0% from approximately HK\$61.8 million for the year ended 31 March 2018 to approximately HK\$66.8 million for the year ended 31 March 2019. The increase in gross profit was generally in line with the increase in the total revenue and was mainly attributable to the increase in revenue of Pre-paid Products targeted at Other Users. The gross profit margin increased from approximately 32.0% for the year ended 31 March 2018 to approximately 34.3% for the year ended 31 March 2019. The increase in gross profit margin was primarily due to a higher level of discount given by the Group's supplier.

### **Other revenue**

During the year, the Group's other revenue amounted to approximately HK\$3.0 million, representing an increase of approximately 13.5% as compared to approximately HK\$2.6 million for the year ended 31 March 2018. The increase in other revenue was mainly due to the increase in consignment income for selling mobile phones and accessories and the increase in fair value gain on financial assets at fair value through profit or loss.

## **Selling and distribution expenses**

Selling and distribution expenses mainly comprised (i) rent and rates; (ii) staff costs; (iii) advertising and promotion expenses; and (iv) other expenses. During the year ended 31 March 2019, selling and distribution expenses amounted to approximately HK\$24.9 million (2018: approximately HK\$23.3 million), representing an increase of approximately 6.8% as compared to the year ended 31 March 2018. The increase in selling and distribution expenses was mainly attributable to the increase in advertising and promotion expenses of approximately HK\$1.5 million as compared to the year ended 31 March 2018.

## **Administrative expenses**

Administrative expenses mainly represented (i) staff costs; (ii) rent and rates; (iii) professional fees; and (iv) listing expense. For the year ended 31 March 2019, administrative expenses amounted to approximately HK\$23.5 million (2018: approximately HK\$16.1 million), representing an increase of approximately 46.1% as compared to the year ended 31 March 2018. The increase was mainly due to the increase in non-recurring listing expenses of approximately HK\$3.0 million, increase in directors emoluments of approximately HK\$1.0 million and increase in professional fees of approximately HK\$2.0 million.

## **Taxation**

During the year ended 31 March 2019, the income tax expenses amounted to approximately HK\$5.4 million (2018: approximately HK\$5.6 million) and the effective tax rate for the year was approximately 25.2% (2018: approximately 22.5%) which was higher than the statutory profits tax rate of 16.5% because the listing expenses were not deductible for tax purpose.

## **Profit for the year**

Profit for the year ended 31 March 2019 was approximately HK\$15.9 million, representing a decrease of approximately 17.8% as compared with approximately HK\$19.4 million for the corresponding period in 2018. Excluding the non-recurring listing expenses amounting to approximately HK\$12.5 million for the year (2018: approximately HK\$9.4 million), the Group's adjusted profit for the year would have been approximately HK\$28.4 million, representing a decrease of approximately 1.4% as compared with approximately HK\$28.8 million for the corresponding period in 2018.

## **Inventories**

The Group had inventories of approximately HK\$56.3 million as at 31 March 2019 representing an increase of approximately HK\$23.8 million compared to the inventories of approximately HK\$32.5 million as at 31 March 2018. The increase was resulted from the bulk purchase of products during the year under review to enjoy a higher purchase discount.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Net current assets**

The Group had net current assets of approximately HK\$146.2 million as at 31 March 2019 (31 March 2018: HK\$60.9 million). The current ratio of the Group increased from approximately 6.1 as at 31 March 2018 to 33.4 as at 31 March 2019.

### **Borrowings**

The Group's bank and other borrowings was nil at 31 March 2019 (31 March 2018: nil).

### **Gearing ratio**

The Group's gearing ratio was nil as at 31 March 2019 (31 March 2018: nil) as it has no outstanding debts. The gearing ratio equals total amount of debts divided by total amount of equity and multiplied by 100%.

### **Share capital structure**

On 27 August 2018, the Company increased its authorised share capital to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

The shares of the Company (the “**Shares**”) were subsequently listed on Main Board of the Stock Exchange on 27 September 2018.

There has been no change in the share capital structure of the Company since then. As at 31 March 2019, the number of issued Shares was 400,000,000 ordinary shares of HK\$0.01 each.

## **Foreign Exchange Exposure**

All of the transactions of the Group are denominated in HK\$ and the Group is not exposed to any significant foreign exchange exposure.

## **EMPLOYEES AND EMOLUMENTS POLICY**

As at 31 March 2019, the Group had 43 employees (as at 31 March 2018: 40 employees) with a total remuneration of approximately HK\$11.2 million during the year (2018: approximately HK\$9.3 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group is dedicated to provide training programs for new employees and regular on-the-job trainings to employees to enhance their sales and marketing skills and know-how. The Company has also adopted a share option scheme to grant options to them as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

## **PLEDGE OF ASSETS**

As at 31 March 2019, the Group did not have any pledged assets (31 March 2018: nil).

## **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT**

During the year, there were no material acquisition, disposal or significant investment by the Group.

## USE OF PROCEEDS

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the Share Offer (as defined in the Prospectus) received by the Company, after deducting related underwriting fees and estimated expenses payable by the Company in connection with the Share Offer were approximately HK\$40.6 million. During the period from the Listing Date, being the date on which dealings in the Shares first commenced in the Stock Exchange, to 31 March 2019, the net proceeds from the Share Offer had been applied as follows:

<b>Business objectives as stated in the Prospectus</b>	<b>Actual net proceeds</b>	<b>Amount utilised</b>	<b>Remaining balance</b>
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Setting up of five retail shops	27.0	–	27.0
Hiring additional sales personnel	1.6	0.3	1.3
Carrying out marketing and promotional activities	9.8	0.9	8.9
Implementing an enterprises resources planning system	1.9	0.1	1.8
For working capital and other general corporate purposes	0.3	0.3	–
	<u>40.6</u>	<u>1.6</u>	<u>39.0</u>

The unutilised net proceeds have been placed with licensed banks in Hong Kong as interest bearing deposits. The Board closely monitored the use of proceeds from the Listing with reference to the use of proceeds disclosed in the Prospectus and confirmed that there was no change in the proposed use of proceeds as previously disclosed in the Prospectus.

## EVENT AFTER THE REPORTING PERIOD

There were no significant events after the end of the year under review to the date of this announcement.



## **CAPITAL COMMITMENT**

As at 31 March 2019, the Group had capital commitments of approximately HK\$300,000 (31 March 2018: approximately HK\$357,000).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Apart from strengthening the Group's current business and future as disclosed in the Prospectus, the Group will explore new business opportunities as and when appropriate, in order to enhance shareholders' value.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as of 31 March 2019 (31 March 2018: nil).

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year.

## **CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING (THE "AGM")**

For the purposes of determining the shareholders' eligibility to attend and vote at the forthcoming AGM to be held on Thursday, 29 August 2019, the register of members of the Company will be closed from Monday, 26 August 2019 to Thursday, 29 August 2019, both days inclusive. In order to be eligible to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Friday, 23 August 2019.

*Note:* The address of the Branch Share Registrar will be changed from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019.

## **CORPORATE GOVERNANCE**

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules during the year under review. The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code during the year.

## **MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code since the Listing Date up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year under review.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the related notes thereto for the year ended 31 March 2019 of the Group as set out in this announcement have been agreed by the Company’s auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Company has established an audit committee (the “**Audit Committee**”) which consists of one non-executive Director, namely Mr. Lam Kin Lun Davie, and three independent non-executive Directors, namely Mr. Kwok Wai Leung, Stanley, Mr. Fok Kam Chau and Mr. Shiao Hei Lok Herod. Mr. Fok Kam Chau is the chairman of the Audit Committee.

The Audit Committee has discussed with the management of the Group and reviewed the audited consolidated financial results of the Group for year ended 31 March 2019, including accounting principles and practices adopted by the Group, and discussed the financial reporting system and the risk management and internal control systems of the Company.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.hkasiaholdings.com](http://www.hkasiaholdings.com)). The annual report of the Company for the year ended 31 March 2019 will be dispatched to shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management team and all the staff of the Group for their continuous support and contribution. The Board also takes this opportunity to thank our shareholders, customers, business partners and professional parties for their unreserved support in the prospects of the Group.

## **CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

With effect from 11 July 2019, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited (the “**Branch Share Registrar**”), will change its address from Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong to

**Level 54, Hopewell Centre  
183 Queen’s Road East  
Hong Kong**

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

By order of the Board  
**HK Asia Holdings Limited**  
**Siu Muk Lung**  
*Chairman and Executive Director*

Hong Kong, 27 June 2019

*As at the date of this announcement, the Board comprises Mr. Siu Muk Lung and Mr. Chung Chi Fai as executive Directors; Mr. Ritchie Ma and Mr. Lam Kin Lun Davie as non-executive Directors; and Mr. Lee Kwan Ho, Vincent Marshall, Mr. Kwok Wai Leung, Stanley, Mr. Shiao Hei Lok Herod and Mr. Fok Kam Chau as independent non-executive Directors.*