萬隆控股集團有限公司
Ban Loong Holdings Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 30)**

# FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The board of directors (the "Board") of Ban Loong Holdings Limited ("the Company") hereby announces that the consolidated statement of comprehensive income and statement of financial position of the Company and its subsidiaries ("the Group") for the year ended 31 March 2016 as follows:

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

*For the year ended 31 March 2016*

| | *Notes* | **2016** *HK$* | 2015 *HK$* (Restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | *3* | **146,491,215** | 56,403,923 |
| Cost of sales | | **(120,241,995)** | (42,921,342) |
| Gross profit | | **26,249,220** | 13,482,581 |
| Other income and gain | | **443,704** | 420,802 |
| Decrease in fair value of held for trading investment | | **–** | (5,512) |
| Realised gain on held for trading investment | | **12,992** | – |
| Gain on disposal of a subsidiary | | **215,058** | – |
| Fair value gain on derivative component of convertible bonds | | **558,546** | – |
| Loss on write-off of intangible asset | | **(1,272,489)** | – |
| Loss on write-off of prepayments on exploration and evaluation activities | | **(4,553,640)** | – |
| Selling and distribution expenses | | **(1,758,722)** | (1,626,174) |
| General and administrative expenses | | **(44,140,179)** | (44,637,468) |
| Finance costs | *4* | **(4,796,721)** | (4,428,472) |
| Loss before tax | *5* | **(29,042,231)** | (36,794,243) |
| Income tax expenses | *6* | **(939,944)** | – |

| | Notes | 2016 HK$ | 2015 HK$ (Restated) |
|---|---|---|---|
| Loss for the year from continuing operations | | **(29,982,175)** | (36,794,243) |
| **Discontinued operation** | *8* | | |
| Loss for the year from discontinued operation | | **(12,384,759)** | (81,186,373) |
| Loss for the year | | **(42,366,934)** | (117,980,616) |
| **Other comprehensive (expense) income** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translating foreign operations | | **(17,510,743)** | 3,143,593 |
| Exchange reserve released on disposal of subsidiaries | | **(382,548)** | – |
| Other comprehensive (expense) income for the year | | **(17,893,291)** | 3,143,593 |
| Total comprehensive expense for the year | | **(60,260,225)** | (114,837,023) |
| Loss for the year attributable to owners of the Company | | | |
| – from continuing operations | | **(26,249,430)** | (33,579,904) |
| – from discontinued operation | | **(7,288,177)** | (48,711,824) |
| Loss for the year attributable to owners of the Company | | **(33,537,607)** | (82,291,728) |
| Loss for the year attributable to non-controlling interests | | | |
| – from continuing operations | | **(3,732,745)** | (3,214,339) |
| – from discontinued operation | | **(5,096,582)** | (32,474,549) |
| Loss for the year attributable to non-controlling interests | | **(8,829,327)** | (35,688,888) |
| | | **(42,366,934)** | (117,980,616) |
| Total comprehensive expense for the year attributable to: | | | |
| Owners of the Company | | **(44,282,874)** | (80,284,940) |
| Non-controlling interests | | **(15,977,351)** | (34,552,083) |
| | | **(60,260,225)** | (114,837,023) |
| **Loss per share** | *9* | | |
| From continuing and discontinued operations | | | |
| – Basic and diluted *(HK cents)* | | **(1.58)** | (4.63) |
| From continuing operations | | | |
| – Basic and diluted *(HK cents)* | | **(1.24)** | (1.89) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2016*

| | Notes | 2016 HK$ | 2015 HK$ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **63,531,515** | 68,278,836 |
| Prepaid lease payments | | **1,251,386** | 1,426,040 |
| Intangible assets | | **305,080,785** | 351,189,399 |
| Prepayments for exploration and evaluation activities | | **8,526,297** | 13,521,090 |
| Prepayment for purchase of property, plant and equipment | | **–** | 1,274,000 |
| Available-for-sale investment | | **–** | 60,000,000 |
| Deferred tax asset | | **64,157** | – |
| | | **378,454,140** | 495,689,365 |
| **Current assets** | | | |
| Trade receivables | *10* | **1,931,763** | 3,572,971 |
| Loan and interest receivables | *11* | **122,469,877** | – |
| Other receivables, deposits and prepayments | | **34,556,312** | 8,184,405 |
| Held for trading investment | | **–** | 12,948 |
| Derivative component of convertible bonds | | **3,779,263** | – |
| Bank balances and cash | | **62,712,761** | 97,858,042 |
| | | **225,449,976** | 109,628,366 |
| **Current liabilities** | | | |
| Trade and other payables | *12* | **15,027,578** | 22,402,614 |
| Bank borrowing | *13* | **–** | 7,078,213 |
| Advance subscriptions and licence fees received | | **1,952,611** | 2,162,767 |
| Amounts due to non-controlling shareholders of subsidiaries | | **4,375,651** | 5,045,836 |
| Tax payable | | **3,069,584** | 2,220,401 |
| | | **24,425,424** | 38,909,831 |
| **Net current assets** | | **201,024,552** | 70,718,535 |
| **Total assets less current liabilities** | | **579,478,692** | 566,407,900 |

| | Notes | **2016** *HK$* | 2015 *HK$* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Provision for reinstatement costs | | **757,323** | 796,635 |
| Bonds | *14* | **66,029,000** | 65,229,000 |
| Convertible bonds | *15* | **5,306,546** | – |
| Deferred tax liabilities | | **73,438,582** | 77,169,039 |
| | | **145,531,451** | 143,194,674 |
| | | **433,947,241** | 423,213,226 |
| **Capital and reserves** | | | |
| Share capital | *16* | **24,305,532** | 19,864,152 |
| Reserves | | **301,860,581** | 276,923,929 |
| Equity attributable to owners of the Company | | **326,166,113** | 296,788,081 |
| Non-controlling interests | | **107,781,128** | 126,425,145 |
| | | **433,947,241** | 423,213,226 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2016*

## 1. GENERAL INFORMATION

Ban Loong Holdings Limited (formerly known as ABC Communications (Holdings) Limited) (the "Company") is incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 2709-10, 27/F., China Resources Building, No.26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is an investment holding company. The Company's subsidiaries (together with the Company collectively referred to as the "Group") are principally engaged in providing financial quotation services, wireless applications development, mining operations, money lending business and trading of goods and commodities. The Group was also engaged in the development of encryption technology and products which were discontinued in current year (see note 8).

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

| | |
|---|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010-2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011-2013 Cycle |
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |

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

**Annual Improvements to HKFRSs 2010-2012 Cycle**

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to *HKFRSs 2010-2012 Cycle* has had no material impact in the Group's consolidated financial statements.

**Annual Improvements to HKFRSs 2011-2013 Cycle**

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company consider that the application of the amendments to *HKFRSs 2011-2013 Cycle* has had no material impact in the Group's consolidated financial statements.

**New and revised HKFRSs issued 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 9 (2014) | Financial Instruments[3] |
| HKFRS 15 | Revenue from Contracts with Customers[3] |
| HKFRS 16 | Leases[4] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012-2014 Cycle[1] |
| Amendments to HKAS 1 | Disclosure Initiative[1] |
| Amendments to HKAS 7 | Disclosure Initiative[2] |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses[2] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation[1] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants[1] |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5] |
| Amendments to HKFRS 10 and HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception[1] |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[1] |
| Amendments to HKFRS 15 | Clarification to HKFRS 15[3] |

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2017.
3 Effective for annual periods beginning on or after 1 January 2018.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

*HKFRS 9 (2014) Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until a detailed review has been completed.

*HKFRS 15 Revenue from Contracts with Customers*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with a customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

*HKFRS 16 Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of HKFRS 16.

The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

*Amendments to HKAS 1 Disclosure Initiative*

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKAS 1 until the Group performs a detailed review.

*Amendments to HKAS 7 Disclosure Initiative*

The amendments to HKAS 7 require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

To satisfy such requirements, an entity shall disclose (to the extent necessary) the changes in liabilities arising from financing activities including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes.

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

The amendments state that one way to fulfil the new disclosure requirement is to provide reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities.

Finally, the amendments also state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The amendments will become effective for consolidated financial statements with annual periods beginning on or after 1 January 2017. Early application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 7 in the future may have a material impact on the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of Amendments to HKAS 1 until the Group performs a detailed review.

*Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue; and

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group uses either the straight-line method or Units of Production ("UOP") method for depreciation of property, plant and equipment or amortisation of intangible assets, the directors of the Company anticipate that the application of Amendments to HKAS 16 and HKAS 38 in the future will not have a material impact on the Group's consolidated financial statements.

*Amendments to HKAS 27 Equity Method in Separate Financial Statements*

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

(i) at cost;

(ii) in accordance with HKFRS 9 (or HKAS 39); or

(iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Company does not have any investment in associates or joint ventures, the directors of the Company do not anticipate that the application of the amendments to HKAS 27 will have a material impact on the Company's financial statements.

*Amendments to HKFRS 15 Revenue from Contracts with Customers*

The amendments to HKFRS 15 provide certain clarification and outline as follows:

- clarify when a promised good or service is separately identifiable from other promises in a contract (i.e. distinct within the context of the contract), which is part of an entity's assessment of whether a promised good or service is a performance obligation;

- clarify how to apply the principal versus agent application guidance to determine whether the nature of an entity's promise is to provide a promised good or service itself (i.e. the entity is a principal) or to arrange for goods or services to be provided by another party (i.e. the entity is an agent);

- clarify for a licence of intellectual property when an entity's activities significantly affect the intellectual property to which the customer has rights, which is a factor in determining whether the entity recognises revenue over time or at a point in time;

- clarify the scope of the exception for sales-based and usage-based royalties related to licences of intellectual property (the royalty constraint) when there are other promised goods or services in the contract; and

- add two practical expedients to the transition requirements of HKFRS 15 for:

    (a) completed contracts under the full retrospective transition approach; and

    (b) contract modifications at transition.

The amendments to HKFRS 15 do not change the effective date of HKFRS 15 and therefore are effective for annual reporting periods beginning or after 1 January 2018. Early application the amendments to HKFRS 15 together with HKFRS 15 continue to be permitted.

The directors of the Company anticipate that the application of amendments to HKFRS 15 together with the HKFRS 15 in the future may have a material impact on amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of amendments to HKFRS 15 until the Group performs a detailed review.

## 3. REVENUE AND SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group's reporting and operating segments under HKFRS 8 are as follows:

(i) Financial quotation services segment engages in the provision of financial quotation services and wireless applications development;

(ii) Mining operations segment engages in (i) sale of mineral products and (ii) leasing of mining right, exploration rights and related assets which is commenced during the year ended 31 March 2016;

(iii) Money lending segment engages in the provision of financing services; and

(iv) Trading segment engages in the trading of goods and commodities.

During the year ended 31 March 2016, the Group commenced two new reporting and operating segments, namely, money lending segment and trading segment and the operation under the mining operation segment changed to leasing of mining right, exploration rights and related assets instead of extraction, exploration of mineral products.

The Group's encryption technology and products segment was introduced during the year ended 31 March 2015 as a result of the acquisition of POMP International Limited ("POMP") and it was discontinued during the year ended 31 March 2016. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more details in note 8.

**Segment revenues and results**

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

*For the year ended 31 March 2016*

**Continuing operations**

| | **Financial quotation services** *HK$* | **Mining operations** *HK$* | **Money lending** *HK$* | **Trading** *HK$* | **Total** *HK$* |
|---|---|---|---|---|---|
| Revenue | **30,117,589** | **6,775,040** | **9,059,877** | **100,538,709** | **146,491,215** |
| Segment (loss) profit | **(5,449,082)** | **(2,305,536)** | **8,098,597** | **(215,979)** | **128,000** |
| Unallocated corporate income and gain | | | | | **34,966** |
| Fair value gain on derivative component of convertible bonds | | | | | **558,546** |
| Realised gain on held for trading investment | | | | | **12,992** |
| Gain on disposal of a subsidiary | | | | | **215,058** |
| Unallocated corporate expenses | | | | | **(25,195,072)** |
| Finance costs | | | | | **(4,796,721)** |
| Loss before tax | | | | | **(29,042,231)** |

*For the year ended 31 March 2015*

**Continuing operations**

| | Financial quotation services *HK$* | Mining operations *HK$* | Money lending *HK$* | Trading *HK$* | Total *HK$* (Restated) |
|---|---|---|---|---|---|
| Revenue | 55,808,473 | 595,450 | – | – | 56,403,923 |
| Segment loss | (2,673,707) | (4,141,476) | – | – | (6,815,183) |
| Unallocated corporate income and gain | | | | | 3,847 |
| Decrease in fair value of held for trading investment | | | | | (5,512) |
| Unallocated corporate expenses | | | | | (25,548,923) |
| Finance costs | | | | | (4,428,472) |
| Loss before tax | | | | | (36,794,243) |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of directors' salaries, certain bank interest income included in other income and gain, fair value gain on derivative component of convertible bonds, decrease in fair value of held for trading investment, realised gain on held for trading investment, gain on disposal of a subsidiary, certain general and administrative expenses, and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**Segment assets and liabilities**

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Segment assets** | | |
| **Continuing operations** | | |
| Financial quotation services | **21,328,685** | 30,759,170 |
| Mining operations | **375,263,162** | 403,419,711 |
| Money lending | **123,739,855** | – |
| Trading | **30,950,739** | – |
| Unallocated corporate assets | **52,621,675** | 141,618,898 |
| Total segment assets | **603,904,116** | 575,797,779 |
| Assets relating to discontinued operation – encryption technology and products | **–** | 29,519,952 |
| Consolidated assets | **603,904,116** | 605,317,731 |

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Segment liabilities** | | |
| **Continuing operations** | | |
| Financial quotation services | **4,774,874** | 8,735,938 |
| Mining operations | **90,902,830** | 95,224,225 |
| Money lending | **930,104** | – |
| Trading | **209,218** | – |
| Unallocated corporate liabilities | **73,139,849** | 68,938,743 |
| Total segment liabilities | **169,956,875** | 172,898,906 |
| Liabilities relating to discontinued operation – encryption technology and products | **–** | 9,205,599 |
| Consolidated liabilities | **169,956,875** | 182,104,505 |

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable and operating segments other than certain property, plant and equipment, available-for-sale investment, certain other receivables, deposits and prepayments, held for trading investment, derivative component of convertible bonds and certain bank balances and cash which are managed on a group basis.

– all liabilities are allocated to reportable and operating segments other than certain other payables, bonds and convertible bonds which are managed on a group basis.

**Other segment information**

*For the year ended 31 March 2016*

**Continuing operations**

| | **Financial quotation services** | **Mining operations** | **Money lending** | **Trading** | **Unallocated** | **Total** |
|---|---|---|---|---|---|---|
| | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* |
| Amounts included in the measure of segment results or segment assets: | | | | | | |
| Depreciation of property, plant and equipment | **225,997** | **2,114,323** | **503,643** | **138,168** | **1,065,352** | **4,047,483** |
| Amortisation of prepaid lease payment | **–** | **106,243** | **–** | **–** | **–** | **106,243** |
| Additions to non-current assets | **546,323** | **18,371** | **835,912** | **1,529,914** | **2,024,814** | **4,955,334** |
| Loss on write-off of intangible asset | **–** | **1,272,489** | **–** | **–** | **–** | **1,272,489** |
| Loss on write-off of prepayment for exploration and evaluation activities | **–** | **4,553,640** | **–** | **–** | **–** | **4,553,640** |
| Bank interest income | **(208,738)** | **–** | **–** | **–** | **(34,966)** | **(243,704)** |
| Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets: | | | | | | |
| Realised gain on held for trading investment | **–** | **–** | **–** | **–** | **(12,992)** | **(12,992)** |
| Finance costs | **–** | **–** | **–** | **–** | **4,796,721** | **4,796,721** |
| Income tax expenses | **–** | **73,997** | **865,947** | **–** | **–** | **939,944** |

*For the year ended 31 March 2015*

**Continuing operations**

| | Financial quotation services *HK$* | Mining operations *HK$* | Money lending *HK$* | Trading *HK$* | Unallocated *HK$* | Total *HK$* (Restated) |
|---|---|---|---|---|---|---|
| Amounts included in the measure of segment results or segment assets: | | | | | | |
| Depreciation of property, plant and equipment | 184,193 | 2,189,725 | – | – | 1,725,554 | 4,099,472 |
| Amortisation of prepaid lease payment | – | 110,139 | – | – | – | 110,139 |
| Additions to non-current assets | 75,128 | 331,800 | – | – | 141,749 | 548,677 |
| Bank interest income | (314,352) | – | – | – | (3,846) | (318,198) |
| Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets: | | | | | | |
| Loss on write-off of interest receivable | – | – | – | – | 1,603,333 | 1,603,333 |
| Decrease in fair value of held for trading investment | – | – | – | – | 5,512 | 5,512 |
| Finance costs | – | – | – | – | 4,428,472 | 4,428,472 |

*Note:* Non-current assets excluded available-for-sale investment and deferred tax asset.

## 4. FINANCE COSTS

| | **2016** *HK$* | 2015 *HK$* (Restated) |
|---|---|---|
| **Continuing operations** | | |
| Effective interest expense on bonds *(note 14)* | **4,650,000** | 4,428,472 |
| Effective interest expense on convertible bonds *(note 15)* | **146,721** | – |
| | **4,796,721** | 4,428,472 |

## 5. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| | | (Restated) |
| **Continuing operations** | | |
| Amortisation of prepaid lease payments | **106,243** | 110,139 |
| Cost of inventories recognised as expense | **99,566,131** | – |
| Depreciation of property, plant and equipment | **4,047,483** | 4,099,472 |
| Exchange loss, net | **224,994** | – |
| Employee benefit expenses | **21,363,222** | 21,390,386 |
| Loss on write-off of interest receivable | **–** | 1,603,333 |
| Minimum lease payments under operating leases in respect of land and buildings | **4,399,977** | 4,729,103 |

## 6. INCOME TAX EXPENSES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Continuing operations** | | |
| Current tax: | | |
| – Hong Kong Profits Tax | **930,104** | – |
| Deferred tax | **9,840** | – |
| | **939,944** | – |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2016. No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2015 as there are no assessable profits generated during that year.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25% from 1 January 2008 onwards.

## 7. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

## 8. DISCONTINUED OPERATION

On 24 March 2016, the Company entered into a sale and purchase agreement with an independent third party to dispose of its 60% equity interest in POMP for a cash consideration of HK$4,000,000. POMP and its subsidiaries (the "POMP Group") were engaged in the operation of encryption technology products development. The disposal was effected in order to reduce the operating loss derived from this segment and generate cash flows for the expansion of the Group's other business. The disposal was completed on 24 March 2016, the date control of POMP was passed to the acquirer. Following the disposal of POMP, the Group discontinued its operation in encryption technology and products development business.

| | **2016**<br>***HK$*** | 2015<br>*HK$* |
|---|---|---|
| Loss for the period | **(12,741,456)** | (81,186,373) |
| Gain on disposal of subsidiaries *(note 17(i))* | **356,697** | – |
| Loss for the period from discontinued operation | **(12,384,759)** | (81,186,373) |

The results of the encryption technology and products development for the period from 1 April 2015 to 24 March 2016, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

| | **Period from 1 April 2015 to 24 March 2016**<br>***HK$*** | Period from 30 April 2014 to 31 March 2015<br>*HK$* |
|---|---|---|
| Revenue | **–** | – |
| Amortisation of intangible asset | **(8,939,466)** | (25,067,042) |
| Impairment loss on intangible asset | **(2,487,054)** | (54,977,909) |
| Administrative expenses | **(83,784)** | (604,113) |
| Finance costs | **(1,231,152)** | (537,309) |
| Loss before tax | **(12,741,456)** | (81,186,373) |
| Income tax | **–** | – |
| Loss for the period | **(12,741,456)** | (81,186,373) |

| | Period from 1 April 2015 to 24 March 2016 | Period from 30 April 2014 to 31 March 2015 |
|---|---|---|
| | *HK$* | *HK$* |
| Loss for the period from discontinued operation attributable to: | | |
| – Owners of the Company | **(7,644,874)** | (48,711,824) |
| – Non-controlling interests | **(5,096,582)** | (32,474,549) |
| | **(12,741,456)** | (81,186,373) |

Loss for the period from discontinued operation included the following:

| | Period from 1 April 2015 to 24 March 2016 | Period from 30 April 2014 to 31 March 2015 |
|---|---|---|
| | *HK$* | *HK$* |
| Depreciation of property, plant and equipment | **83,784** | 87,673 |
| Wages and salaries | **–** | 301,941 |
| Defined contribution scheme | **–** | 191,657 |

During the period from 1 April 2015 to 24 March 2016, the POMP Group recorded net cash out flows from operating activities and financing activities of HK$36,073 (2015: HK$407,026) and nil (2015: HK$2,228,402) respectively. The carrying amounts of the assets and liabilities of POMP and its subsidiaries at the date of disposal are disclosed in note 17(i).

## 9. LOSS PER SHARE

**For continuing and discontinued operations**

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

| | 2016 | 2015 |
|---|---|---|
| | *HK$* | *HK$* |
| Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share | **(33,537,607)** | (82,291,728) |

**Number of shares**

| | | |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | **2,119,895,632** | 1,776,889,973 |

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share from continuing operations.

**For continuing operations**

The calculation of basic and diluted loss per share from the continuing operations attributable to owners of the Company is based on the following data:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Loss for the year attributable to owners of the Company | **(33,537,607)** | (82,291,728) |
| Less: Loss for the year from discontinued operation | **7,288,177** | 48,711,824 |
| Loss for the purpose of basic and diluted loss per share from continuing operations | **(26,249,430)** | (33,579,904) |

The denominators used are the same as those detailed above for both basic and diluted loss per share.

**For discontinued operation**

Basic and diluted loss per share for the discontinued operation is HK0.34 cents (2015: HK2.74 cents), based on the loss for the year from the discontinued operation of HK$7,288,177 (2015: HK$48,711,824) and the denominators detailed above for both basic and diluted loss per share.

## 10. TRADE RECEIVABLES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Trade receivables | **1,931,763** | 3,572,971 |

Trade receivables in relation to trading are having an average credit period of 90 days while trade receivables from financial quotation services are due upon the presentation of invoices.

The following is an ageing analysis of the Group's receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| 0-3 months | **1,763,649** | 3,442,234 |
| 4-6 months | **155,370** | 130,737 |
| 6-12 months | **12,744** | – |
| | **1,931,763** | 3,572,971 |

## 11. LOAN AND INTEREST RECEIVABLES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Loan receivables, repayable within one year and classified as current asset: | | |
| Secured *(note)* | **16,000,000** | – |
| Unsecured | **105,600,000** | – |
| | **121,600,000** | – |
| Interest receivables | **869,877** | – |
| | **122,469,877** | – |

*Note:* The amount was secured by the leasehold land and buildings with fair value of approximately HK$18,512,000 (2015: nil).

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 90 days to 1 year (2015: nil). The loans provided to customers bore fixed interest rate ranging from 0.8%-3% per month (2015: nil), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid in monthly basis while the principal amounts are repayable on maturity.

The following is an aged analysis of loan and interest receivables, presented based on the dates which loans are granted to borrowers and interests are accrued.

| | **2016** | 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Within 90 days | **26,869,877** | – |
| 91-180 days | **600,000** | – |
| 181-365 days | **95,000,000** | – |
| | **122,469,877** | – |

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements. At 31 March 2016, all the loan and interest receivables are neither past due nor impaired (2015: nil) and represented loans granted to creditworthy borrowers for whom there were no recent history of default, good individual credit rating with reference to the TransUnion Credit Report, individual assets proof, and/or secured/guaranteed by the collaterals/corporate guarantors which the secured/guaranteed value was higher than the carrying value of the loan receivables.

## 12. TRADE AND OTHER PAYABLES

| | **2016** | 2015 |
|---|---:|---:|
| | ***HK$*** | *HK$* |
| Trade payables *(notes (a) and (b))* | **2,122,384** | 5,220,636 |
| Receipt in advance | **6,575,376** | 6,983,170 |
| Other payables and accrued charges | **6,329,818** | 10,198,808 |
| | **15,027,578** | 22,402,614 |

*Notes:*

(a) The ageing of trade payables were within 3 months based on the invoice date at the end of the reporting period.

(b) An average credit period of 45 to 180 days is granted by the service providers. The average credit period on purchases of goods in trading segment is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

## 13. BANK BORROWING

| | **2016** | 2015 |
|---|---:|---:|
| | ***HK$*** | *HK$* |
| Bank borrowing, unsecured | **–** | 7,078,213 |

The unsecured bank borrowing with maturity date on 31 October 2014 was non-interest bearing. As at 31 March 2015, such bank borrowing was in default on repayment. Interest rate of 0.05% per day has been charged starting from the date of the default on repayment. Demand letter has been issued and court action has been filed by the bank on 4 June 2015. The court case has been finalised on 5 December 2015. Late charges of HK$1,231,152 (2015: HK$537,309) have been charged to the Group for the year ended 31 March 2016 and included in loss for the year from discontinued operation.

The unsecured bank borrowing was derecognised upon the disposal of POMP (note 17(i)) during the year ended 31 March 2016.

## 14. BONDS

As at 31 March 2016, the Group has unsecured bonds with aggregate principal of HK$70,000,000 (2015: HK$70,000,000) with the following major terms:

| | |
|---|---|
| Issue price: | 100% of the principal amount |
| Interest: | 5.5% per annum payable semi-annually in arrear |
| Maturity: | 7 years from date of issuance unless early redeemed |
| Early redemption options: | – The holder can request for early redemption after the fourth anniversary from the issue date up to the maturity date at a redemption amount of 80% of the outstanding principal; and<br>– The Group can early redeem the bonds after the fifth anniversary from the issue date up to the maturity date at a redemption amount of 100% of the outstanding principal. |

The movements of the bonds are set out below:

| | **2016**<br>***HK$*** | 2015<br>*HK$* |
|---|---|---|
| Carrying amount at the beginning of the year | **65,229,000** | 27,667,000 |
| Issued during the year | **–** | 40,000,000 |
| Transaction costs | **–** | (3,200,000) |
| Effective interest charge for the year *(note 4)* | **4,650,000** | 4,428,472 |
| Interest paid | **(3,850,000)** | (3,666,472) |
| Carrying amount at the end of the year | **66,029,000** | 65,229,000 |
| Less: Bonds repayable after one year shown under non-current liabilities | **(66,029,000)** | (65,229,000) |
| Current portion | **–** | – |

The Company's bonds carry interest at effective interest rate of 7.22% (2015: 7.22%) per annum. The Company issued new bonds with principal amount of HK$40,000,000 (2016: nil) during the year ended 31 March 2015.

## 15. CONVERTIBLE BONDS

On 4 March 2016, the Company issued convertible bonds (the "CBs") with aggregate principal amount of HK$30,000,000 (the "CBs") to several independent third parties with maturity date on 3 March 2018 (the "Maturity Date"). The CBs bear interest of 4% per annum payable annually, and are unsecured and denominated in HK$.

The principal terms of the CBs are as follows:

Conversion: The holders of the CBs are entitled to convert the CBs into ordinary shares of the Company at a conversion price of HK$0.12 per ordinary share.

The conversion rights are exercisable at any time during the period commencing from the date of issue of the CBs up to the Maturity Date.

Redemption: The Company may, by notice, redeem whole or part of the outstanding CBs at the rate of 105% of the principal amount of such CBs with interest accrued before the Maturity Date.

The holders of the CBs are not entitled to request for early redemption except for event of default occurred.

Unless previously converted or redeemed, the outstanding CBs will be redeemed by the Company at the Maturity Date.

At the date of the issue, the CBs were bifurcated into liability, equity and derivative components.

The conversion feature of the CBs as equity components of the Company is presented in equity under "convertible bonds equity reserve" at initial recognition.

The Company's early redemption option was separately presented in the consolidated statement of financial position as "derivative component of convertible bonds" at 31 March 2016 and was measured at fair value with changes in fair value recognised in profit or loss.

The effective interest rate of the liability component is 11.21%.

During the year ended 31 March 2016, CBs with principal amount of HK$24,000,000 were converted into 200,000,000 ordinary shares of the Company. No redemption of the CBs has been made during the year ended 31 March 2016. At 31 March 2016, the principal amount of the CBs that remained outstanding amounted to HK$6,000,000 of which a maximum of 50,000,000 ordinary shares of the Company may fall to be issued upon their conversion, subject to adjustments provided in the terms of the CBs.

The movement of the liability, equity and derivative components of the CBs and the reconciliation of Level 3 fair value measurement during the reporting period are set out below:

| | **Liability component of the CBs** *HK$* | **Derivative financial asset of the CBs** *HK$* | **Equity component of the CBs** *HK$* | **Total** *HK$* |
|---|---|---|---|---|
| At 1 April 2015, 31 March 2015 and 1 April 2015 | – | – | – | – |
| Issued during the year | 26,497,152 | (16,272,764) | 19,775,612 | 30,000,000 |
| Transaction cost | (190,641) | – | (142,281) | (332,922) |
| Conversion to shares during the year | (21,105,392) | 13,052,047 | (15,706,665) | (23,760,010) |
| Changes in fair value | – | (558,546) | – | (558,546) |
| Effective interest charge for the year *(note 4)* | 146,721 | – | – | 146,721 |
| Interest paid | (41,294) | – | – | (41,294) |
| At 31 March 2016 | **5,306,546** | **(3,779,263)** | **3,926,666** | **5,453,949** |

At the date of issuance of the CBs, date of conversions and 31 March 2016, the fair values of the derivative component of CBs were valued by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuer not connected to the Group, using the Binomial model. Transaction cost of issuance of convertible bonds was HK$450,000, in which HK$117,078 attributable to derivative components of the CBs was recognised in the consolidated statement of profit or loss and other comprehensive income. The changes in fair value of the derivative components of CBs of HK$558,546 were recognised in the consolidated statement of profit or loss and other comprehensive income.

## 16. SHARE CAPITAL

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **No. of shares** | **Amount** | No. of shares | Amount |
| | | ***HK$*** | | *HK$* |
| Authorised: | | | | |
| Ordinary shares of HK$0.01 each | **6,000,000,000** | **60,000,000** | 6,000,000,000 | 60,000,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of HK$0.01 each | | | | |
| At beginning of year | **1,986,415,200** | **19,864,152** | 1,655,347,200 | 16,553,472 |
| Issue of shares on placing *(note (i))* | **214,138,000** | **2,141,380** | 331,068,000 | 3,310,680 |
| Issue of shares upon shares subscription *(note (ii))* | **30,000,000** | **300,000** | – | – |
| Issue of shares upon conversion of convertible bonds *(note (iii))* | **200,000,000** | **2,000,000** | – | – |
| At 31 March | **2,430,553,200** | **24,305,532** | 1,986,415,200 | 19,864,152 |

*Notes:*

(i) On 18 November 2014, 331,068,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.114 per share, raising a total proceeds of HK$37,075,626, net of direct expenses.

On 23 September 2015, 214,138,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.189 per share, raising a total proceeds of HK$40,064,230, net of direct expenses.

(ii) On 12 October 2015, 30,000,000 ordinary shares of HK$0.01 each were subscribed at a price of HK$0.197 per share, raising a total proceeds of HK$5,910,000, with no direct expense incurred.

(iii) On 16, 18 and 24 March 2016, conversion options of convertible bonds were exercised to subscribe 200,000,000 ordinary shares of the Company, in aggregate, with exercise price of HK$0.12 per each share, of which HK$2,000,000 was credited to share capital and HK$6,087,181 was transferred from carrying amount of the CBs to the share premium in accordance with accounting policy.

The above shares rank pari passu in all aspects with other shares in issue.

## 17. DISPOSAL OF SUBSIDIARIES

### (i) Disposal of POMP

As detailed in note 8, the Group discontinued its operation of encryption technology and products development at the time of disposal of its 60% equity interest in POMP.

| | **2016** |
|---|---|
| | ***HK$*** |
| Cash consideration | **4,000,000** |

The net assets of the POMP Group at the date of disposal were as follows:

| | **24 March 2016** |
|---|---|
| | ***HK$*** |
| Property, plant and equipment | **106,271** |
| Intangible asset | **16,112,873** |
| Other receivables | **29,220** |
| Bank balances and cash | **272,252** |
| Other payables | **(2,565,737)** |
| Amount due to a non-controlling shareholder of a subsidiary | **(630,382)** |
| Bank borrowing | **(6,657,831)** |
| Net assets disposed of | **6,666,666** |
| **Gain on disposal of a subsidiary:** | |
| Cash consideration received | **4,000,000** |
| Net assets disposed of | **(6,666,666)** |
| Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries | **356,697** |
| Non-controlling interests | **2,666,666** |
| Gain on disposal *(note 8)* | **356,697** |

| | **2016** |
|---|---|
| | ***HK$*** |
| **Net cash inflow arising on disposal:** | |
| Cash consideration | **4,000,000** |
| Less: bank balances and cash disposed of | **(272,252)** |
| | **3,727,748** |

The impact of POMP Group on the Group's results and cash flows in the current period and prior year is disclosed in note 8.

**(ii) Disposal of Zhong Jin Jia Xun Trading (Shenzhen) Limited* ("Zhong Jin") (中金佳訊商貿(深圳)有限公司)**

On 30 March 2016, the Group entered into the sale and purchase agreement to dispose its entire equity interests in Zhong Jin to an independent third party for a cash consideration of HK$1,200,000. The completion of the disposal of Zhong Jin took place on 30 March 2016.

| | **2016** |
|---|---|
| | ***HK$*** |
| Cash consideration | **1,200,000** |

The net assets of Zhong Jin at the date of disposal were as follows:

| | **30 March 2016** |
|---|---|
| | ***HK$*** |
| Property, plant and equipment | **104,969** |
| Other receivables | **1,171,715** |
| Bank balances and cash | **1,835,073** |
| Other payables | **(2,100,964)** |
| Net assets disposed of | **1,010,793** |

**Gain on disposal of a subsidiary:**

| | |
|---|---|
| Consideration received | **1,200,000** |
| Net assets disposed of | **(1,010,793)** |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary | **25,851** |
| Gain on disposal | **215,058** |

| | **2016** |
|---|---|
| | ***HK$*** |
| **Net cash outflow arising on disposal:** | |
| Cash consideration | **1,200,000** |
| Less: bank balances and cash disposed of | **(1,835,073)** |
| | **(635,073)** |

* *English name is for identification purpose only*

## 18. EVENTS AFTER THE REPORTING PERIOD

### (a) Conversion of the CBs

On 5 April 2016, the CBs with principal amount of HK$6,000,000 were converted into 50,000,000 ordinary shares of the Company. After the conversion of the CBs on 5 April 2016, there are no CBs remained outstanding.

### (b) Memorandum of understanding of the acquisition of the equity interest in a PRC company

On 21 April 2016, a subsidiary of the Company entered into a memorandum of understanding with an independent third party for the acquisition of 10% equity interest in Guizhou Dushan Rural Commercial Bank Joint Stock Corporation* ("Guizhou Commercial Bank") (貴州獨山農村商業銀行股份有限公司), a company established in the PRC with limited liability, at a cash consideration of not exceeding RMB66,800,000, equivalent to approximately HK$80,000,000. The principal activity of Guizhou Commercial Bank is provision of banking services in Du Shan County, Guizhou Province, the PRC. Up to the date of approval of these financial statements, there is no formal agreement signed and the transaction is not yet completed.

Further details are set out in the Company's announcement dated 21 April 2016.

### (c) Placing of new shares under general mandate

On 6 June 2016, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent conditionally agreed to act as the placing agent, on a best effort basis, to place a maximum of 190,110,460 ordinary shares at HK$0.09 per share. The placing of shares has been completed on 15 June 2016.

Further details are set out in the Company's announcement dated 6 June 2016.

## 19. COMPARATIVE FIGURES

As a result of the retrospective adjustment of the discontinued operation, certain comparative figures have been restated to conform to current year's presentation and to provide comparative amounts in respect of items disclosed in 2015.

* *English name is for identification purpose only*

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### BASIS FOR QUALIFIED OPINION

**Limitation of audit scope in relation to impairment assessment of technical knowhow**

As at 31 March 2015, the Group had a technical knowhow with a carrying amount of HK$29,000,000. As set out in our report dated 30 June 2015 on the Group's consolidated financial statements for the year ended 31 March 2015, we were not provided with sufficient appropriate audit evidence to enable us to assess the recoverable amount of the technical knowhow as at 31 March 2015 and our opinion on the Group's consolidated financial statements for the year ended 31 March 2015 was qualified in such respect.

As further detailed in notes 18 and 36(i), the technical knowhow was derecognised during the year upon the disposal of the subsidiary holding the technical knowhow.

Any adjustment found to be necessary to the carrying amount of the technical knowhow as at 31 March 2015 will have a consequential impact on the loss from discontinued operation of HK$12,384,759 for the year ended 31 March 2016 and the related note disclosures to the consolidated financial statements.

**Qualified opinion**

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion paragraph above, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MANAGEMENT DISCUSSION AND ANALYSIS

## CHANGE OF COMPANY NAME

With effective from 27 October 2015, the Company's name has been changed from "ABC Communications (Holdings) Limited to "Ban Loong Holdings Limited" and has adopted a new Chinese secondary name as "萬隆控股集團有限公司". The change of the company name helped to refresh the Company's corporate image and identity, and can more accurately reflect the new business diversification strategy of the Company.

## OPERATING RESULTS

The financial results of the Group for the year ended 31 March 2016 were highlighted as follows:

- Revenue was HK$146.5 million, representing an increase of approximately 160% from HK$56.4 million in the preceding year. The increase was mainly due to the introduction of the money lending segment and trading segment during the year, which has collectively contributed HK$109.6 million in turnover.

- Gross profit amounted to HK$26.2 million in 2015/16, representing an increase of 94% from HK$13.5 million in 2014/15. Gross profit margin was 17.9% in the current year, while the gross profit margin was 23.9% in the previous year. In 2014/15, the financial quotation services segment was the only turnover and gross profit contributor of the Group. Gross profit margin for the current year was a weighted average figure of all active operating segments, and thus the overall margin was diluted, especially by the trading segment where the gross profit margin was relatively thin.

- Loss for the year of the Group decreased to HK$42.4 million in the current year, as compared to HK$118.0 million in the previous year. The decrease in loss was due to the fact that significant impairment loss on and amortisation of intangible asset amounted to HK$80.1 million had been incurred in previous year.

For the detailed financial results of each operating segment, please refer to the note 7 of the consolidated financial statements.

## FINAL DIVIDEND

The Board did not propose a final dividend.

## BUSINESS REVIEW

During the year, the Group's continued operations involve in four identifiable business segments namely the financial quotation segment, the mining operations segment, the money lending segment and the trading segment. The financial quotation segment includes (i) financial quotation services provided by QuotePower International Limited ("QuotePower"); and (ii) wireless applications development provided by ABC QuickSilver Limited ("ABC QuickSilver"). The mining operations segment refers to the exploration and exploitation of mineral resources in China conducted by Jun Qiao Limited and its subsidiaries (the "Jun Qiao Group"). The money lending segment refers to the money lending business engaged in Hong Kong by Ban Loong Finance Company Limited ("Ban Loong Finance"), a wholly-owned subsidiary of the Company which obtained the money lender license during the year. The trading segment refers to the trading of goods and commodities in China by Wan Long Xing Ye Commercial Trading (Shenzhen) Limited ("Wan Long Xing Ye"), a wholly-owned subsidiary of the Company.

During the year, the Group had discontinued and ceased the business operation of the encryption technology and product segment conducted by POMP international Limited ("POMP").

### The Mining Operations Segment

The Jun Qiao Group holds 1 mining license in Henan and 1 exploration license in Xinjiang. Mining properties of the Group includes the following:

*Yin Di Mining Area (銀地礦區) in Henan*

The Yin Di Mining Area is the only operating mine of the Group. It is located at Tongbai County in Henan Province and covers a mining area of approximately 1.81 $km^2$. The mining area is 15 km away from Xining railways and connected to China National Highway 312, the traffic is considerably convenient. The mining license will be expired in January 2017.

*Hu Lei Si De Mining Area (呼勒斯德地區) in Xinjiang*

The mine is located at Jai Tai County (奇台縣) of Xinjiang Uygur Autonomous Region with a total exploration mining area of 29.12 km$^2$. The mining area is connected to gravel and asphalt roads, traffic is considered convenient. Detailed geological survey and mineral resources exploration were undertaking. At the moment, several gold mineralization zones and substantial coal reserves have been identified.

The Group used to hold another exploration license in Henan, namely Li Zi Yuan Mining Area. During the year, the Group had written-off this exploration license as the renewal of it was not granted by the local authority, despite the management's efforts and endeavors to renew the exploration license. The management believed that the loss of Li Zi Yuan Mining Area exploration license would not cause any material impact to the Group's mining operation segment and to the Group's financial performance and financial position as a whole. The carrying value of the exploration right amounted to HK$1.3 million, and the relevant prepayments for exploration and evaluation activities of HK$4.6 million had been fully written-off in the current year.

As stated in the Company's announcement dated 30 March 2015, the Group has entered into a operating lease contract with Henan Heng Yi Mining Company Limited (the "Lessee"), being an independent third party, pursuant to which assets of the mining operations segment, including mining structures and plant and machinery included in property, plant and equipment; prepaid lease payments; mining right and reserves and exploration rights included in intangible assets; and prepayments for exploration and evaluation activities (the "Mining Assets"), was leased to the Lessee. Under the terms of the lease contract, the Lessee shall be responsible for all operating expenses in relation to the Mining Assets, any costs of exploration, survey and preparation of technical reports of the Group's mining properties during the tenure of the lease. In addition, the Lessee shall refrain from over-exploitation and ensure that there are adequate residual resources in the mining properties.

The management considered that the operating lease arrangement provides an opportunity for the Group to generate a stable operating lease income from the Mining Assets and minimize the Group's exposure to extra capital expenditure and operating costs associated with the mining operations.

During the year ended 31 March 2016, the revenue generated from the operating lease arrangement amounted to approximately HK$6.8 million, which mainly representing the segment revenue of the mining operation segment.

On 30 March 2016, the Group has extended the operating lease contract with the Lessee for one year.

**The Financial Quotation Segment**

The business segment includes (i) financial quotation services provided by QuotePower; and (ii) wireless applications development provided by ABC QuickSilver.

During the year ended 31 March 2016, the revenue of QuotePower amounted to approximately HK$30.1 million, which represented a declined by 46%, as compared with the year 2014/2015. The sharp decline in the segment's revenue was mainly due to the loss of a major customer – Bank of China (Hong Kong) Limited which had paid HK$26.7 million for our financial quotation services in previous year. The loss from the segment amounted to HK$5.4 million, representing an increase of 103.8% as comparing to the loss from the segment amounted to HK$2.7 million in the year 2014/2015. Even though the management of QuotePower was endeavor to improve efficiency and control costs, but the management was caught flat-footed by the rapid decline in customers and subscription.

**Money Lending Segment**

Ban Loong Finance has obtained the money lender license in June 2015 to carry out money lending business in Hong Kong. Its business primarily focuses in the area of short-term personal loans.

As restricting by the available financial resources of the Group, Ban Loong Finance does not conduct business in retail level. Potential borrowers were sought from the social and business networks of the management. To safeguard assets of the Group, the management will review and assess the credit risk of each loan application carefully to ensure recoverability of each lending. The management would conduct full-scale background check on borrowers, including reviewing the credit reports issued by independent credit rating agent and examining borrowers' assets backing. Ban Loong Finance would request the loan applicants to provide adequate security and/or guarantee before approving a loan application. Generally speaking, borrowers would be requested to pay interest monthly, in order to let the management monitors continuously the financial stability of borrowers.

During the current year, the business performance of the money lending segment was summarised below:

| | |
|---|---|
| – Aggregate amount of lending | HK$127.4 million |
| – Total number of lending | 12 |
| – Range of effective annual percentage rate (“APR”) | 10.03%-42.58% |
| – Weighted average APR | 22.36% |

During the year ended 31 March 2016, revenue generated from the segment, that is interest received and accrued, amounted to approximately HK$9.1 million.

**Trading Segment**

Wan Long Xing Ye carried out trading of goods and commodities business in China. During the year ended 31 March 2016, Wan Long Xing Ye mainly engaged in the trading of stainless steel coil and refined edible oil. During the year ended 31 March 2016, trading revenue amounted to approximately HK$100.5 million, whereas trading of 1,088.69 tonnages of stainless steel coil and 15,301.61 tonnages of refined edible oil were completed.

**Discontinued Operation – The Encryption Technology and Products Segment**

During the year, the Group had discontinued the encryption technology and products segment conducted by POMP. The segment used to develop portable devices with built-in proprietary quantum direct key (“QDK”) encryption technology. The QDK belongs to a hardware level encryption technique, which request a unique chipset to be installed on portable devices for encrypting and decoding digital data. The development of the technology got stuck in cross-platform and devices application. The management was uncertain to its market prospect, and thus considered that the operation of the segment be discontinued.

On 24 March 2016, the Company and Ms. Chen Chang Ying (the “Purchaser”) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 60% of the issued share capital of POMP and together with its subsidiaries, for the consideration of HK$4 million. The disposal was completed on 24 March 2016 while the consideration of HK$4 million has been received by the Company as of the date of the Sale and Purchase Agreement.

The loss for the year amounted to approximately HK$12.7 million which mainly refer to the amortisation of intangible assets, impairment loss on intangible assets and finance costs of approximately HK$8.9 million, HK$2.5 million and HK$1.2 million respectively.

## SELLING AND DISTRIBUTION EXPENSES

During the financial year, the Group's selling and distribution expenses amounted to approximately HK$1.8 million, which were almost the same as that of the previous year. Selling and distribution expenses were incurred mostly in our financial quotation segment.

## GENERAL AND ADMINISTRATIVE EXPENSES

During the financial year, the Group's general and administrative expenses amounted to approximately HK$44.2 million, which were almost the same as that of the previous year. The amount mainly refer to legal and professional fees, salary, directors' fees and office rental.

## FINANCE COSTS

Finance costs increased by 8.3% from HK$4.4 million to HK$4.8 million. The Group had no bank borrowings at 31 March 2016 (2015: HK$7.1 million). The finance costs were mainly due to interest incurred on bonds issued in previous years and convertible bonds issued during the year.

## INCOME TAX EXPENSES

During the financial year, income tax expenses amounted to HK$939,944 was incurred (2014/2015: NIL).

## LOSS PER SHARE

During the financial year, the basic and diluted loss per share from continuing operations amounted to 1.24 HK cents, which shown an improvement from the loss per share of 0.65 HK cent from the last reporting year.

## DEFERRED TAX LIABILITIES

As at 31 March 2016, deferred tax liabilities attributable to Jun Qiao amounted to HK$73.4 million (2015: HK$77.2 million), which was calculated at the tax rate of the PRC Enterprise Income Tax of 25% mainly on the increase in fair value of intangible assets in accordance with the relevant accounting principle. The movement during the current financial year mainly represented exchange realignment.

## FINANCIAL POSITION

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from HK$297 million to HK$326 million. Total assets decreased by 0.2% to HK$603.9 million which is similar to last year. Net assets increased by 2.5% to HK$433.9 million was primarily due to the successful placement and issue of new shares in the year.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group's cash and cash equivalents amounted to HK$62.7 million (2015: HK$97.9 million). Except for the long-term bonds and convertible bonds with a principal amount of HK$70 million and HK$6 million respectively, the group had no banks loans or borrowings with fixed term of repayment at the end of the year (2015: HK$7.1 million).

| | **As at 31 March 2016** | As at 31 March 2015 |
|---|---|---|
| Current ratio (current assets/current liabilities) | **9.2 times** | 2.8 times |
| Gearing ratio (total liabilities/total assets) | **28%** | 30% |

The Group's liquidity remains healthy. Nevertheless, as the Company is still keen on looking for strategic investment to diversify its business operation, additional financing might be requested when suitable investment opportunity was identified. The management will assess and consider various possible fund raising alternatives to strengthen the capital base and financial position of the Company and to make sure that the Company will have sufficient working capital to support its future operational and investment needs.

## TRADE RECEIVABLES

The breakdown of trade receivables of the Group by operating segment were as follows:

| | **31 March 2016** | 31 March 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Financial Quotation Services | **1,931,763** | 3,572,971 |

Trade receivables in the Group's financial quotation segment has been decreased by approximately 45.9%. The management did not foresee any recoverability problem as the amount has been settled as at the announcement date. The management will constantly review the aging and credit standing of customers to ensure trade receivables can be fully recovered.

## OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The breakdown of other receivables, deposits and prepayments were as follows:

| | **31 March 2016** | 31 March 2015 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Other receivables | **21,103,996** | 1,840,760 |
| Deposits | **2,777,515** | 2,754,216 |
| Prepayment | **10,674,801** | 3,589,429 |
| | **34,556,312** | 8,184,405 |

The increase in the overall balance was due to some short-term interest-free advances to certain independent third parties amounted to approximately HK$20,838,119 (2015: HK$356,549). The amount has been fully returned subsequent to the end of the reporting period. The remaining balances were not material to the Group.

**INTANGIBLE ASSETS**

The Group's intangible assets comprised of (i) mining right and reserves; and (ii) exploration right as at 31 March 2016. The carrying values of the intangible assets were analysed as follows:

| | **Mining right and reserves** *HK$* | **Exploration rights** *HK$* | **Technical knowhow** *HK$* | **Total** *HK$* |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 April 2014 | 317,116,790 | 3,521,002 | – | 320,637,792 |
| Acquisition of subsidiaries | – | – | 107,444,950 | 107,444,950 |
| Exchange realignment | 1,534,540 | 17,067 | 1,499,112 | 3,050,719 |
| At 31 March 2015 and 1 April 2015 | 318,651,330 | 3,538,069 | 108,944,062 | 431,133,461 |
| Disposal of subsidiaries | – | – | (102,473,758) | (102,473,758) |
| Write-off | – | (1,272,489) | – | (1,272,489) |
| Exchange realignment | (15,722,036) | (114,089) | (6,470,304) | (22,306,429) |
| At 31 March 2016 | 302,929,294 | 2,151,491 | – | 305,080,785 |
| **ACCUMULATED AMORTISATION AND IMPAIRMENT** | | | | |
| At 1 April 2014 | – | – | – | – |
| Provided for the year | – | – | 25,067,042 | 25,067,042 |
| Impairment loss | – | – | 54,977,909 | 54,977,909 |
| Exchange realignment | – | – | (100,889) | (100,889) |
| At 31 March 2015 and 1 April 2015 | – | – | 79,944,062 | 79,944,062 |
| Provided for the year | – | – | 8,939,466 | 8,939,466 |
| Impairment loss | – | – | 2,487,054 | 2,487,054 |
| Disposal of subsidiaries | – | – | (86,360,885) | (86,360,885) |
| Exchange realignment | – | – | (5,009,697) | (5,009,697) |
| At 31 March 2016 | – | – | – | – |
| **CARRYING VALUES** | | | | |
| At 31 March 2016 | 302,929,294 | 2,151,491 | – | 305,080,785 |
| At 31 March 2015 | 318,651,330 | 3,538,069 | 29,000,000 | 351,189,399 |

## EQUITY FUND RAISING ACTIVITY DURING THE FINANCIAL YEAR

The Company has conducted the following equity fund raising exercises during the year ended 31 March 2016

| Date of announcement | Equity fund raising exercise | Net proceeds raised | Intended use of proceeds | Actual use of proceeds |
|---|---|---|---|---|
| 19 February 2016 | Placing of convertible bonds, on best effort basis, with a principal amount of up to HK$52,800,000 under the general mandate granted to the Directors at the annual general meeting held on 30 September 2015.<br><br>The placing was completed on 4 March 2016 whereby convertible bonds with an aggregate principal amount of HK$30,000,000 have been successfully placed. | Approximately HK$29.35 million | For financing the Group's money lending business | HK$26 million used for financing the Group's money lending business and approximately HK$3 million used for working capital. |
| 29 September 2015 | Subscription of 30,000,000 shares at a price of HK$0.197 per share under the refreshed general mandate granted to the Directors at the special general meeting held on 12 August 2015. The subscription was completed on 12 October 2015. | Approximately HK$5.91 million | For financing the Group's money lending business | HK$5.9 million used for financing the Group's money lending business. |
| 9 September 2015 | Placing of shares, on best effort basis, for a maximum of 397,280,000 shares at a price of HK$0.189 per Share under the refreshed general mandate granted to the Directors at the special general meeting held on 12 August 2015.<br><br>The placing was completed on 23 September 2015 whereby a total of 214,138,000 placing shares have been successfully placed. | Approximately HK$40.06 million | For financing the Group's money lending business | HK$40 million used for financing the Group's money lending business. |

Save as the above, the Company has not conducted any other equity fund raising activities during the financial year.

## EVENTS AFTER THE REPORTING PERIOD

### Memorandum of Understanding

On 21 April 2016, Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (萬隆興業商貿(深圳)有限公司) (the "Purchaser"), a wholly foreign owned enterprise established under the laws of the PRC and a direct wholly-owned subsidiary of the Company entered into a non-legally binding Memorandum of Understanding with Shenzhen Leading Electronic Technology Company Limited (深圳市利天宏業電子科技有限公司) (the "Vendor") pursuant to which the Vendor proposed to sell the target interest (namely 10% equity interest in the Target Company) to the Purchaser at a total consideration of not exceeding RMB66.8 million (HK$80 million), which is currently expected to be satisfied by cash. The Target Company is a joint stock limited liability company established under the laws of the PRC on 31 December 2013. According to the information provided by the Vendor, the Target Company is a commercial bank headquartered in Du Shan County, Guizhou Province, the PRC with a registered and paid-up capital of RMB210 million (HK$251.5 million). If the Memorandum of Understanding proceeds to signing of a formal sale and purchase agreement, it is currently expected that the Proposed Acquisition may constitute either a discloseable or major transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) relating to the Proposed Acquisition may be made by the Company as and when necessary. As at the date of the Annual Report, a formal sale and purchase agreement has not yet signed. Details are set out in the Company announcement dated 21 April 2016.

### Placing of New Shares under General Mandate

On 6 June 2016, the Company entered into a placing agreement with Supreme China Securities Limited as placing agent (the "Placing Agent") to place, on a best efforts basis, a maximum of 190,110,640 shares at a price of HK$0.09 per share under the General Mandate to the Directors at the annual general meeting held on 30 September 2015 (the "Placing"). Completion of the Placing took place on 15 June 2016 whereby a total of 190,110,000 shares were placed by the Placing Agent. The gross proceeds from the Placing are approximately HK$17.11 million and the net proceeds from the Placing, after deducting the placing commission and other professional fees incurred by the Company in the Placing, are approximately HK$16.60 million. The net proceeds of the Placing has been utilized by the Company for financing the Group's money lending business as intended. For further details, please refer to the Company's announcements dated 6 June 2016 and 15 June 2016.

## PLEDGE OF ASSETS

As at 31 March 2016, no assets of the Group were pledged to secure general banking facilities granted to the Group.

## CONTINGENT LIABILITIES

As at 31 March 2016, the Group had no material contingent liabilities.

## FOREIGN EXCHANGE EXPOSURE

Most of the operations and trading transaction, assets and liabilities of the Group were denominated in Hong Kong dollar and Renminbi. During the year ended 31 March 2016, the Group had an insignificance amount of exchange difference.

The Group adopted a conservative treasury policy, with most of the bank deposits being kept in Hong Kong dollars and Renminbi, to minimize exposure to foreign exchange risks. As at the year end and during the year, the Group had no foreign exchange contracts, interest or currency swaps, or other financial derivatives for hedging purposes.

## COMMODITY PRICE RISK

The price of the Group's products of the mining operations are influenced by international and domestic market prices and changes in global supply and demand for such products. Price volatility of metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency market. Both the international and domestic market price of metals as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity price may affect the turnover from the Group's mining operation and thus the comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts ad price arrangements to hedge the risk of volatility of metals prices.

## EMPLOYEE REMUNERATION POLICY

As at 31 March 2016, the Group had 61 employees (31 March 2015: 61 employees). Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31 March 2016 amounted to approximately to HK$21.4 million (31 March 2015: HK$21.4 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds, life insurance and medical assistances benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

## PROSPECT

### The Financial Quotation Segment

The business of the financial quotation segment is closely associated with the growth and prosperity of the stock market in Hong Kong. QuotePower is one of the leading financial quotation service providers in Hong Kong. It has long history in the market and has wide client base. However, it is believed that the market for paid financial quotation services has been fully developed and saturated. The potential for further development is very limited and raise of subscription price would only result in loss of subscribers. The Directors expect that the business environment of the segment remains challenging due to the keen competition, especially from those free-stock-quote services providers. The prospect of the segment depends on the management's ability to retain customers by providing quality services and to control costs.

The management expected that customers drain is an inevitable trend in the financial segment, since everyone gets accustomed to free information in the era of internet. The financial performance of the financial quotation segment may keep declining in the coming years.

The Company is in the process of formulating the business strategy for the financial quotation services segment might involve a possible scaling-down and/or sell-down and/or the introduction of new investors and/or new project partners in light of its difficult business environment.

### The Mining Operations Segment

The scale of the Group's mining operations is considered small and limited. The Group can only be a market follower, and has no influence on the market price and sales of ores and ores concentrates in the local market. Despite of the Group's solid reserve of mineable resources, the segmental results of the mining operations segment of the Group had not been performing well in the past few years. Upon review on the development of the mining operations segment, the management concluded that the stagnant in the segment was mainly caused by the lack of management expertise, techniques and local workforce in exploiting valuable resources. Moreover, government policies were significant tilted in favor of those local large and stated-owned mining companies. This has further restricted the development of the Group's mining operations segment.

In light of the above obstacles, the management was still endeavors in adjusting the development strategy in the mining operations segment. As stated in the Company's announcement dated 30 March 2015, the Group has entered into a operating lease contract with Henan Heng Yi Mining Company Limited (the "Lessee"), being an independent third party, pursuant to which the Mining Assets was leased to the Lessee. Under the terms of the lease contract, the Lessee shall be responsible for all operating expenses in relation to the Mining Assets, any costs of exploration, survey and preparation of technical reports of the Group's mining properties during the tenure of the lease. In addition, the Lessee shall refrain from overexploitation and ensure that there are abundant residual resources in the mining properties.

The Group has extended the operating lease arrangement for one year which will keep providing stable cash flow to the Group in the future.

**Money Lending Segment**

Money lending business was a new business segment to the Group. During and subsequent to the current interim period, the Group has made several short-terms loans to customers. These customers are usually renowned businessmen and professionals with sufficient assets backing. The Group would also request customers to provide adequate guarantees before releasing loan money. In average, loans advanced to customers yield an annual percentage rate of approximately 24.3%. The management considered the potential of the segment was high and the segment could help to provide a constant cash inflow to the Group. The Group will continue to devote a high proportion of its financial resources to the segment with a view to capture the profit potential of the money lending industry.

The Group is also considering to expand its money lending business into the China market, where opportunities arise from the deleveraging process in the banking system and the commercial and private sector find difficulty in obtaining short-term financing. Thus the Company entered into a memorandum of understanding to acquire a minority interest in a commercial bank in China. The Company expected that, if the memorandum of understanding could be further proceeded, the Company would be able to build a workable cooperation relationship with a China commercial bank.

The management expected the money lending segment will become one of the major revenue contributors of the Group in the coming years.

**Trading Segment**

To capture opportunities in the rapid growing China market and to help diversifying the revenue base of the Group, the Company has set up a new wholly-owned subsidiary, Wan Loong Xing Ye, in China. Wan Loong Xing Ye is the new flagship company of the Group in China. It engages in the domestic trading of goods and commodities in China. At present, it traded mainly stainless steel coils and refined edible oil. The Group will further broaden the categories of goods involved in the trading business so as to minimise the concentration risk in trading a particular type of goods.

The management is actively forming the development strategy of the segment and expected that it will become the main revenue contributor of the Group in the coming years.

**Other**

The management always believes that it is in the best interest of the Company and the shareholders to diversify the Group's business portfolio. The Company will continue to identify appropriate potential investment opportunities.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the period and the Company has not redeemed any of its securities during the period.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Group had in the year under review complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviation:

**Code Provision A.4.1**

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors of the Company were not appointed for a specific term, but every director of the Company will be subject to retirement no later than the third annual general meeting after his election, under the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are not less exacting than those in the Code.

**Code Provision A.6.7**

Code Provision A.6.7 stipulates that independent non-executive directors ("INEDs") and other non-executive directors ("NEDs") should attend general meeting. There were one NED and two INEDs attended the annual general meeting of the Company held on 30 September 2015 (the "2015 AGM") and only one INED was unable to attend the 2015 AGM due to other business engagement. There were two INEDs attended the special general meeting of the Company held on 12 August 2015 (the "2015 SGM"). Only one NED and one INED were unable to attend the 2015 SGM due to other business engagement.

## SHARE OPTION SCHEME

The new share option scheme of the Company was adopted on 30 September 2013 (the "New Option Scheme"). Pursuant to the New Option Scheme, the Directors are authorized to grant options to any executive or non-executive directors, any executives and employees and those persons who have contributed or will contribute to the Group as incentive schemes and rewards. Apart from the New Option Scheme, the Company did not have any other share option scheme.

During the period under review, no options were granted or exercised under the New Option Scheme.

## BOARD DIVERSITY POLICY

With an aim to achieve diversity on the Board of the Company, the Board has approved and adopted a Board Diversity Policy (the "Policy") and revision to the terms of reference of the Nomination Committee of the Board to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieving a sustainable and balanced development of the Company, of which, among others, all Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, age, length of service) will be disclosed in the Corporate Governance Report annually.

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of Conduct regarding securities transactions by the directors of the Company. All Directors have confirmed that they fully complied with the Model Code during the period under review.

## AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Audit Committee has been set up by the Board with specific terms of reference, comprising three independent non-executive directors, namely, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan *(Chairman)* have reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the audited accounts for the year ended 31 March 2016. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 March 2016.

In order to comply with the Code, the newly revised terms of reference has been adopted and confirmed by the Board of the Company.

## NOMINATION COMMITTEE

The Nomination Committee has been established on 29 March 2012 with specific terms of reference for the purpose of reviewing the Board composition, advising the Board on the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors. The Nomination Committee consists of two executive directors, namely, Mr. Chow Wang *(Chairman)* and Mr. Cheung Wai Shing and three independent non-executive directors, namely, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan.

## REMUNERATION COMMITTEE

The Remuneration Committee has been set up by the Board with specific terms of reference for the purpose of reviewing the remuneration of Directors and the remuneration policies of the Group. Currently, the Remuneration Committee consists of two executive directors, namely, Mr. Chow Wang and Mr. Cheung Wai Shing and three independent non-executive directors, namely, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny *(Chairman)* and Ms. Wong Chui San, Susan.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the full set of Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions (the "Model Code"). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all directors, the Board confirms that the Directors of the Company have complied with the Model Code regarding directors' securities transactions during the year and up to the date of publication of this announcement.

## PUBLICATION OF FINANCIAL INFORMATION

This result announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.0030hk.com). The Company's annual report for 2015/16 will be dispatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board of
**Ban Loong Holdings Limited**
**Chow Wang**
*Chairman*

Hong Kong, 30 June 2016

*As at the date of this announcement, the Board of the Company comprises:*

*Executive Directors:*
Mr. Chow Wang *(Chairman)*
Mr. Cheung Wai Shing

*Non-Executive Director:*
Mr. Fong For

*Independent Non-executive Directors:*
Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny
Ms. Wong Chui San, Susan