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 2019

The board (the "Board") of directors (the "Directors") of Ban Loong Holdings Limited (the "Company") hereby announces that the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
Revenue	4	**910,081,910**	767,607,149
Cost of sales		**(823,076,956)**	(711,567,937)
Gross profit		**87,004,954**	56,039,212
Other income and gain		**5,844,032**	60,305
Net allowance for expected credit losses		**2,569,442**	–
Share of result of an associate		**(146,086)**	(175,837)
Selling and distribution expenses		**(984,355)**	(408,532)
General and administrative expenses		**(37,721,658)**	(51,049,546)
Finance costs	6	**(4,650,000)**	(4,650,000)
Profit/(loss) before tax	7	**51,916,329**	(184,398)
Income tax expenses	9	**(7,648,435)**	(1,309,522)
Profit/(loss) for the year		**44,267,894**	(1,493,920)

	Notes	**2019**	2018
		HK$	*HK$*
Other comprehensive (expense)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operation		**(11,232,423)**	13,071,812
Exchange reserve released on disposal of subsidiaries		**(1,027,801)**	–
Other comprehensive (expense)/income for the year		**(12,260,224)**	13,071,812
Total comprehensive income for the year		**32,007,670**	11,577,892
Profit/(loss) for the year attributable to:			
Owners of the Company		**44,271,814**	(1,465,735)
Non-controlling interests		**(3,920)**	(28,185)
		44,267,894	(1,493,920)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**32,011,590**	11,637,689
Non-controlling interests		**(3,920)**	(59,797)
		32,007,670	11,577,892
Earnings/(loss) per share	*10*		
– Basic and diluted *(HK cents)*		**0.76**	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$	2018 HK$
Non-current assets			
Property, plant and equipment		**3,964,173**	4,073,539
Investments in an associate		**412,717**	558,803
Loan receivables	*12*	**820,311**	1,019,488
Deferred tax asset		**260,918**	209,642
		5,458,119	5,861,472
Current assets			
Trade receivables	*11*	**82,262,278**	29,280,334
Loan and interest receivables	*12*	**475,114,381**	358,909,116
Other receivables, deposits and prepayments		**231,147,014**	198,195,178
Tax recoverable		**–**	1,414,296
Bank balances and cash		**74,664,169**	144,042,321
		863,187,842	731,841,245
Current liabilities			
Trade and other payables	*13*	**14,953,908**	109,100,093
Contract liabilities		**15,009,993**	–
Amounts due to non-controlling shareholders of subsidiaries		**–**	4,375,651
Tax payable		**5,298,410**	3,303
Bonds		**68,429,000**	67,629,000
		103,691,311	181,108,047
Net current assets		**759,496,531**	550,733,198
Net assets		**764,954,650**	556,594,670

	Notes	2019 HK$	2018 HK$
Capital and reserves			
Share capital	*14*	**64,481,522**	54,481,522
Reserves		**699,548,248**	501,650,399
Equity attributable to owners of the Company		**764,029,770**	556,131,921
Non-controlling interests		**924,880**	462,749
Total equity		**764,954,650**	556,594,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

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 Group is principally engaged in money lending business and trading of goods and commodities.

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 ("HKFRSs")

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

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

The above new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impact on the consolidated financial statements

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

Consolidated statement of financial position (extract)	31 March 2018	HKFRS 9	HKFRS 15	1 April 2018
	HK$	*HK$*	*HK$*	*HK$*
Non-current assets				
Deferred tax assets	209,642	500,826	–	710,468
Current assets				
Trade receivables	29,280,334	(165,891)	–	29,114,443
Loan and interest receivables	358,909,116	(3,018,430)	–	355,890,686
Other receivables, deposits and prepayments	198,195,178	(230,246)	–	197,964,932
Current liabilities				
Trade and other payables	109,100,093	–	(88,771,002)	20,329,091
Contract liabilities	–	–	88,771,002	88,771,002
Net current assets	550,733,198	(3,414,567)	–	547,318,631
Net assets	556,594,670	(2,913,741)	–	553,680,929
Capital and reserves				
Reserves	501,650,399	(2,913,741)	–	498,736,658
Total equity	556,594,670	(2,913,741)	–	553,680,929

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments, Amendments to HKFRS 9 Prepayment Features with Negative Compensation and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECLs") for financial assets, and (3) hedge accounting.

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

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

Summary of effects arising from initial application of HKFRS 9

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

(a) *Classification and measurement*

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at the date of initial application have not been impacted by the initial application of HKFRS 9.

(b) *Impairment under ECL model*

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and other receivables. Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including loan receivables, deposits and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition which are based on internal credit rating and past due analysis.

Other financial assets measured of amortised cost

ECL for other financial assets at amortised cost, including deposits and bank balances are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition. As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognised at 1 April 2018.

The impact, net of tax, of transition HKFRS 9 on the opening balance of accumulated losses as at 1 April 2018 is summarized in the table below:

	HK$
Accumulated losses as at 31 March 2018	(329,859,825)
Increase in expected credit losses ("ECLs") in	
– Trade receivables	(165,891)
– Loan receivables	(3,018,430)
– Other receivables	(230,246)
– Deferred tax assets	500,826
Restated accumulated losses as at 1 April 2018	(332,773,566)

All loss allowances, including, trade and other receivables, and loan receivables as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade receivables	**Other receivables**	**Loan receivables**
	HK$	*HK$*	*HK$*
At 31 March 2018 – HKAS 39	–	–	–
Amounts re-measured through opening – accumulated losses	165,891	230,246	3,018,430
At 1 April 2018 – HKFRS 9	165,891	230,246	3,018,430

HKFRS 15 Revenue from Contracts with Customers and the related Amendments

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue mainly from following major sources which arise from contracts with customers: (a) money lending services; and (b) trading of goods and commodities.

Information about the Group's performance obligations and the accounting policies resulting from the application of HKFRS 15 are disclosed the notes to the audited consolidated financial statements.

Except for the reclassification of the contract liabilities from receipt in advance of HK$88,771,002 at initial application, HKFRS 15 was generally adopted without restating any other comparative information. There is no impact of transition to HKFRS 15 on retained earnings at 1 April 2018.

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual period beginning on or after 1 January 2020

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all lessee by lessees, except for short-term leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents other operating lease payments as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and financing cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carried forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The total operating lease commitment of the Group in respect of its office properties as at 31 March 2019 amounted to HK$9,426,670. The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results at this stage but it is expect certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

De-consolidation

The management of the Company became aware during the year ended 31 March 2017 of a civil ruling dated 9 January 2017 (the "First Civil Ruling") and a civil judgement dated 10 October 2016 (the "Second Civil Judgement"). The First Civil Ruling ordered, inter alia, the freezing of the entire equity holding of Tong Bai County Yin Di Mining Company Limited ("Yin Di Mining"), an indirect subsidiary of the Company, and the mining license owned by Yin Di Mining. The Second Civil Judgement ordered, inter alia, that the equity transfer agreement dated 28 February 2011 signed between Zhengzhou Jinfuyuan Mining Company Limited ("Jinfuyuan Mining"), an indirect subsidiary of the Company, and Henan Guiyuan Industry Co. Ltd ("Henan Guiyuan") for the transfer of equity of Yin Di Mining at the consideration of RMB28,000,000 payable in cash (the "Equity Transfer Agreement") be terminated and all equity holding of Yin Di Mining be re-transferred to Henan Guiyuan.

Also, upon searches of public records conducted by the Group's legal advisers, the management of the Company became aware of a ruling enforcement order dated 23 November 2016 (the "Enforcement Order") issued by Henan Province Zhengzhou City Intermediate People's Court ("Zhengzhou Court") ordering Jinfuyuan Mining to transfer the entire equity holding in Yin Di Mining to Henan Guiyuan. Subsequently, according to the public record searches, the 90% equity interest in Yin Di Mining held by Jinfuyuan Mining was purportedly transferred to Henan Guiyuan on 17 January 2017.

As revealed in the Second Civil Judgement, Henan Guiyuan alleged that Jinfuyuan Mining only paid RMB3,000,000 by way of deposit to Henan Guiyuan between March and November 2011 even though Henan Guiyuan had completed the transfer of the 95% equity of Yin Di Mining to Jinfuyuan Mining in April 2011 in performance of the terms of the Equity Transfer Agreement and that on 30 May 2011, both parties signed a supplemental agreement such that if Jinfuyuan Mining failed to pay the balance of RMB25,000,000 within 60 days, then it shall, inter alia, re-transfer the equity holding in Yin Di Mining to Henan Guiyuan unconditionally and allow the RMB3,000,000 deposit to be forfeited. Henan Guiyuan further alleged that on 18 December 2015, Jinfuyuan Mining signed a declaration and gave it to Henan Guiyuan, confirming that it owed the outstanding consideration to Henan Guiyuan and agreed to re-transfer its equity holding in Yin Di Mining to Henan Guiyuan.

Given the above circumstances, the Group faced obstructions in exercising control over, and gathering information and documents regarding, Yin Di Mining and its subsidiary (collectively, the "De-consolidated Subsidiaries"). The Group regards that it has lost control over the entire operations of the De-consolidated Subsidiaries and the directors of the Company have determined to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries from the Group's consolidated financial statements. Hence the De-consolidated Subsidiaries have been de-consolidated with effect from 1 April 2016 in the Consolidated Financial Statements. The resulting loss arising from the deconsolidation of HK$115,847,836 has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017. As disclosed in note 5 to the consolidated financial statements, the Group had disposed of the entire issued share capital of Jun Qiao Limited (the "Disposal") and the Group ceased its control of Jun Qiao Limited and its subsidiaries (the "Disposal Group") upon completion of the Disposal on 25 February 2019 (the "Disposal Date"). Jun Qiao Limited is an investment holding company whose principal assets are its investments in the De-consolidated Subsidiaries. The Group recognized gain on disposal of the Disposal Group of approximately HK$5,735,111, which is presented as other income in the Group's consolidated statement of profit or loss and other comprehensive income.

Under Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements", the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries should be derecognised from the consolidated financial statements of the Group at the date when control over the De-consolidated Subsidiaries was lost. As at the date of completion of disposal of the Disposal Group, the investigations by the PRC legal advisers into, inter alia, the factual circumstances and the claims and allegations of Henan Guiyuan, as instructed by the Company, was still in progress and the Company was not yet in a position to assess the impact of the First Civil Ruling and Second Civil Judgement on the operations and financial position of the Group. Further, we were unable to gain access to the books and records of the De-consolidated Subsidiaries. Consequently, we were unable to obtain sufficient appropriate audit evidence and explanation to assess the appropriateness of the accounting treatment adopted by the Group of treating the De-consolidated Subsidiaries as subsidiaries of the Group from 2011 onwards and until 1 April 2016, the date of their deconsolidation. We were also unable to obtain sufficient appropriate audit evidence and explanation to satisfy ourselves as to the date when the Group lost control over the De-consolidated Subsidiaries. Consequently, we were unable to determine whether any adjustments were necessary to the amounts of the assets and liabilities of the Group as at 31 March 2018, the loss (including the gain recognised on disposed of the Jun Qiao Group) and cash flows of the Group for the years ended 31 March 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Directors, 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 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) Money lending segment engages in the provision of financing services; and

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

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 2019

	Money lending *HK$*	**Trading** *HK$*	**Total** *HK$*
Revenue	**74,131,590**	**835,950,320**	**910,081,910**
Segment profit	**74,603,847**	**3,635,235**	**78,239,082**
Unallocated corporate income and gain			**5,811,543**
Unallocated corporate expenses			**(27,484,296)**
Finance cost			**(4,650,000)**
Profit before tax			**51,916,329**

For the year ended 31 March 2018

	Money lending *HK$*	Trading *HK$*	Total *HK$*
Revenue	46,749,499	720,857,650	767,607,149
Segment profit/(loss)	42,220,089	(508,202)	41,711,887
Unallocated corporate income and gain			24,154
Unallocated corporate expenses			(37,270,439)
Finance cost			(4,650,000)
Loss before tax			(184,398)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in current year (2018: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of directors' salaries, certain bank interest income included in other income and gain, gain on disposal of subsidiaries, 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:

	2019	2018
	HK$	*HK$*
Segment assets		
Money lending	**496,750,029**	379,878,650
Trading	**321,728,118**	275,173,080
Unallocated corporate assets	**50,167,814**	82,650,987
Consolidated assets	**868,645,961**	737,702,717

	2019	2018
	HK$	*HK$*
Segment liabilities		
Money lending	**4,855,194**	925,453
Trading	**19,762,015**	94,166,102
Unallocated corporate liabilities	**79,074,102**	86,016,492
Consolidated liabilities	**103,691,311**	181,108,047

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, certain other receivables, deposits and prepayments 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 and bonds which are managed on a group basis.

In measuring the Group's segment assets and liabilities, tax recoverable of HK$nil (2018: HK$1,414,296) and deferred tax asset of HK$260,391 (2018: HK$209,642) were allocated to money lending segment and deferred tax asset of HK$527 (2018: HK$nil) was allocated to trading segment. However, the relevant income tax expense of HK$7,648,435 (2018: HK$1,309,522) was not included in the measurement of segment results.

Other segment information

For the year ended 31 March 2019

	Money lending *HK$*	Trading *HK$*	Unallocated *HK$*	Total *HK$*
Amounts include in the measure of segment results or segment assets:				
Depreciation of property, plant and equipment	**49,230**	**239,775**	**910,774**	**1,199,779**
Additions to non-current assets *(note)*	**149,200**	**259,018**	**733,275**	**1,141,493**
Bank interest income	**–**	**(32,489)**	**(76,432)**	**(108,921)**
Allowance for expected credit losses on trade receivables	**–**	**296,034**	**–**	**296,034**
Reversal of allowance for expected credit losses on trade receivables	**–**	**(16,882)**	**–**	**(16,882)**
Allowance for expected credit losses on other receivable	**–**	**7,303**	**–**	**7,303**
Reversal of allowance for expected credit losses on other receivables	**–**	**(156,270)**	**–**	**(156,270)**
Allowance for expected credit losses on loan receivables	**175,333**	**–**	**–**	**175,333**
Reversal of allowance for expected credit losses on loan receivables	**(2,874,960)**	**–**	**–**	**(2,874,960)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:				
Finance costs	**–**	**–**	**4,650,000**	**4,650,000**
Income tax expenses	**6,594,846**	**1,053,589**	**–**	**7,648,435**

For the year ended 31 March 2018

	Money lending *HK$*	Trading *HK$*	Unallocated *HK$*	Total *HK$*
Amounts include in the measure of segment results or segment assets:				
Depreciation of property, plant and equipment	511,478	180,656	987,437	1,679,571
Additions to non-current assets *(note)*	16,950	349,994	722,536	1,089,480
Bank interest income	(1)	(36,150)	(24,154)	(60,305)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:				
Finance costs	–	–	4,650,000	4,650,000
Income tax expenses	1,273,717	35,805	–	1,309,522

Note: Non-current assets excluded deferred tax asset and interest in an associate.

Revenue from major product and services

The following is an analysis of the Group's revenue from continuing operations from sales of its major products and provision of services to external customers:

	2019 *HK$*	2018 *HK$*
Revenue from money lending	**74,131,590**	46,749,499
Revenue from trading of goods	**835,950,320**	720,857,650
	910,081,910	767,607,149

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

Information about the Group's revenue from continuing operations from external customers is presented based on the location of operations. Information about the Group's non-current assets, excluding deferred tax asset and interest in an associate, is presented based on the geographical location of the assets.

	Hong Kong		PRC (excluding Hong Kong)		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
For the year ended 31 March						
Segment revenue	**136,201,812**	53,203,676	**773,880,098**	714,403,473	**910,081,910**	767,607,149
At 31 March						
Non-current assets	**4,017,106**	4,293,812	**767,378**	799,215	**4,784,484**	5,093,027

Note: Non-current assets excluded interest in an associate and deferred tax asset.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2019	2018
	HK$	*HK$*
Customer A[1]	**139,004,892**	149,764,995
Customer B[1]	**129,069,297**	N/A[2]
Customer C[1]	**98,029,673**	N/A[2]

1 Revenue from trading

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group

5. DISPOSAL OF SUBSIDIARIES

Disposal of Jun Qiao

At 31 January 2019, the Group entered into a sale and purchase agreement to dispose of its 60% shareholding in Jun Qiao to an independent third party for a cash consideration of HK$100,000 together with a 30% proportionate sharing of the compensation, after costs, from the legal actions commenced by the Group in seeking to recover the Group's mining assets. Jun Qiao Group was engaged in the sale of mineral products and leasing of mining right. The Disposal was completed on 25 February 2019.

Consideration

	HK$
Total consideration	**100,000**

The net liabilities of the Jun Qiao Group at the date of disposal were as follows:

	HK$
Current assets	
Other receivables	**1,173**
Cash and cash equivalents	**32,803**
Current liabilities	
Amount due to non-controlling shareholders of subsidiaries	**(4,375,651)**
Other payables	**(731,686)**
Net liabilities disposed	**(5,073,361)**

Gain on disposal of a subsidiaries

	2019 ***HK$***
Consideration received	**100,000**
Net liabilities disposed of	**5,073,361**
Release of exchange difference upon disposal	**1,027,801**
Release of NCI upon disposal	**(466,051)**
Gain on disposal	**5,735,111**

Net cash inflow from disposal of subsidiaries

	2019
	HK$
Consideration received in cash and bank balance	**100,000**
Less: cash and bank balance disposed of	**(32,803)**
	67,197

6. FINANCE COSTS

	2019	2018
	HK$	*HK$*
Effective interest expense on bonds	**4,650,000**	4,650,000

7. PROFIT/(LOSS) BEFORE TAX

	2019	2018
	HK$	*HK$*
Auditors' remuneration	**1,300,000**	1,300,000
Cost of inventories recognised as expense	**823,076,956**	711,567,937
Depreciation of property, plant and equipment	**1,199,779**	1,679,571
Exchange (gain)/loss, net	**(781,174)**	585,015
Employee benefit expenses	**14,719,498**	9,439,801
Minimum lease payment under operating leases in respect of land and buildings	**4,206,708**	4,313,312

Due to the obstructions faced by the Company in exercising control over, and gathering information and documents regarding, the De-consolidated Subsidiaries, the Company regard that it has lost control over the De-consolidated Subsidiaries since 1 April 2016. Given that it was impracticable for the Directors to ascertain the segment information on mining operations, no representation is therefore made by the Directors as to the completeness, occurrence and accuracy of those expenses for the years ended 31 March 2019 and 2018 as of the date of approval of the consolidated financial statements.

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

9. INCOME TAX EXPENSES

	2019	2018
	HK$	*HK$*
Current tax:		
– Hong Kong Profits Tax	**6,709,403**	1,348,550
– PRC Enterprise Income Tax	**489,482**	32,502
Deferred tax	**449,550**	(71,530)
	7,648,435	1,309,522

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

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.

10. EARNINGS/(LOSS) PER SHARE

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

	2019	2018
	HK$	*HK$*
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**44,271,814**	(1,465,735)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**5,804,316,544**	4,928,214,351

Diluted earnings/(loss) per share were the same as basic earnings/(loss) per share as there were no potential dilutive share in existence during the years ended 31 March 2019 and 2018.

11. TRADE RECEIVABLES

	2019	2018
	HK$	*HK$*
Trade receivables	**82,707,321**	29,280,334
Less: Allowance for expected credit losses	**(445,043)**	–
	82,262,278	29,280,334

Trade receivables in relation to trading are having an average credit period of 90 days (2018: 90 days).

Movement in the allowances for expected credit losses of trade receivables

Movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the year ended 31 March 2019, are as follows:

	Total
	HK$
Balance as at 31 March 2018 under HKAS 39	–
Adjustment upon application of HKFRS 9	165,891
Adjusted balance as at 1 April 2018	165,891
Allowance for expected credit losses	296,034
Reversal of allowance for expected credit losses *(note)*	(16,882)
Balance as at 31 March 2019	445,043

Note: Reversal of allowance of ECL is due to the Group's recovery of trade receivables.

The following is an ageing analysis of the Group's trade receivables (before provision for expected credit loss)presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2019	2018
	HK$	*HK$*
0 – 3 months	**82,707,321**	29,280,334

At the end of the reporting period, none of the Group's trade receivables was past due but not impaired at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collaterals for receivables above.

12. LOAN AND INTEREST RECEIVABLES

	2019	2018
	HK$	*HK$*
Loan receivables		
Secured	**381,202,454**	39,187,274
Unsecured	**89,417,034**	318,500,000
	470,619,488	357,687,274
Interest receivables	**5,634,007**	2,241,330
	476,253,495	359,928,604
Less: Allowance for expected credit losses	**(318,803)**	–
	475,934,692	359,928,604

Movement in the allowances for expected credit losses of loan receivables

Movement in lifetime ECL that has been recognised for loan receivables in accordance with the general approach set out in HKFRS 9 for the year ended 31 March 2019, are as follows:

Movement in the allowance for expected credit losses of loan receivables:

	12m ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
At 1 April 2017 and 31 March 2018	–	–	–	–
Effect arising from adoption of HKFRS 9	3,018,430	–	–	3,018,430
At 1 April 2018	3,018,430	–	–	3,018,430
Allowances for expected credit losses	175,333	–	–	175,333
Reversal of allowance for expected credit losses	(2,874,960)	–	–	(2,874,960)
At 31 March 2019	**318,803**	**–**	**–**	**318,803**

The maturity profile of the loan receivables (before allowance for expected credit loss) at the end of the reporting period, analysed by the maturity date, is as follows:

	2019	2018
	HK$	*HK$*
Within one year	**469,799,177**	356,667,786
Two to five years	**820,311**	1,019,488
	470,619,488	357,687,274
Carrying amount analysed for reporting purpose:		
Current assets	**475,114,381**	358,909,116
Non-current assets	**820,311**	1,019,488
	475,934,692	359,928,604

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 45 days to 5 years (2018: 45 days to 5 years). The loans provided to customers bore fixed interest rate ranging from 1% – 2.5% per month (2018: 1% – 2.5%), 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.

	2019	2018
	HK$	*HK$*
Within 90 days	**314,814,705**	198,928,604
91 – 180 days	**100,582,440**	108,000,000
181 – 365 days	**59,518,059**	53,000,000
Over 365 days	**1,019,488**	–
	475,934,692	359,928,604

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 2019 and 2018, all the loan and interest receivables are neither past due nor impaired and represented loans granted to creditworthy borrowers for whom there were no recent history of default.

13. TRADE AND OTHER PAYABLES

	2019	2018
	HK$	*HK$*
Trade payables *(notes (a) and (b))*	**592,272**	899,821
Receipt in advance *(note (d))*	**–**	88,771,002
Other payables and accrued charges *(note (c))*	**14,361,636**	19,429,270
	14,953,908	109,100,093

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.

(c) Balance included advances from certain independent third parties of HK$3,615,430 (2018: HK$5,356,092) that are interest-free, unsecured and repayable on demand.

(d) Upon adoption of HKFRS 15 on 1 April 2018, receipt in advance in relation to trading of commodities of HK$88,771,002 was reclassified to contract liabilities.

14. SHARE CAPITAL

	2019		2018	
	No. of shares	**Amount**	No. of shares	Total
		HK$		*HK$*
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000,000**	**200,000,000**	20,000,000,000	200,000,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**5,448,152,160**	**54,481,522**	4,540,126,800	45,401,268
Issue of shares upon shares subscription *(note (i))*	**1,000,000,000**	**10,000,000**	908,025,360	9,080,254
At 31 March	**6,448,152,160**	**64,481,522**	5,448,152,160	54,481,522

Note:

(i) On 27 October 2017, 908,025,360 shares were allotted and issued to Yunnan Baiyao Holdings Company Limited ("Yunnan Baiyao Holdings") at the subscription price of HK$0.22 per share, raising total proceeds of HK$199,765,579 net of direct expenses.

On 22 November 2018, 1,000,000,000 shares were allotted and issued to Yunnan Baiyao Holdings at the subscription price of HK$0.18 per share, raising total proceeds of HK$178,800,000 net of direct expenses.

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

15. EVENTS AFTER THE REPORTING PERIOD

On 10 May 2019, Wan Long Xing Ye Commercial Trading (Hong Kong) Limited ("Wan Long Xing Ye HK"), a wholly-owned subsidiary of the Company, entered into a supply agreement with Yunnan Baiyao Group Yunfeng Import & Export Trading Co., Ltd ("Yunfeng I&E Trading"), an indirect wholly-owned subsidiary of Yunnan Baiyao Group Co., Ltd, regarding the supply of plant extracts and the provision of ancillary testing, logistics, import and export and related services as part of the Group's ordinary and usual course of business.

The ongoing supplies of plant extracts and ancillary services by Yunfeng I&E Trading to Wan Long Xing Ye HK under the supply agreement constitute continuing connected transactions for the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The annual caps of the transaction values under the supply agreement are HK$38,000,000 for each of the three financial years ending 31 March 2020, 2021 and 2022, respectively.

For further details, please refer to the Company's announcement dated 10 May 2019.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

QUALIFIED OPINION

We have audited the consolidated financial statements of Ban Loong Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASES FOR QUALIFIED OPINION

(a) De-consolidation of subsidiaries

The management of the Company became aware during the financial year ended 31 March 2017 of a civil ruling dated 9 January 2017 (the "First Civil Ruling") and a civil judgement dated 10 October 2016 (the "Second Civil Judgement"). The First Civil Ruling ordered, inter alia, the freezing of the entire equity holding of Tong Bai County Yin Di Mining Company Limited ("Yin Di Mining"), an indirect subsidiary of the Company, and the mining license owned by Yin Di Mining. The Second Civil Judgement ordered, inter alia, that the equity transfer agreement dated 28 February 2011 signed between Zhengzhou Jinfuyuan Mining Company Limited ("Jinfuyuan Mining"), an indirect subsidiary of the Company, and Henan Guiyuan Industry Co. Ltd ("Henan Guiyuan") for the transfer of equity of Yin Di Mining for the consideration of RMB28,000,000 payable in cash (the "Equity Transfer Agreement") be terminated and all equity holding of Yin Di Mining be re-transferred to Henan Guiyuan.

Also, upon searches of public records conducted by the Group's legal advisers, the management of the Company became aware of a ruling enforcement order dated 23 November 2016 (the "Enforcement Order") issued by Henan Province Zhengzhou City Intermediate People's Court ("Zhengzhou Court") ordering Jinfuyuan Mining to transfer the entire equity holding in Yin Di Mining to Henan Guiyuan. Subsequently, according to the public record searches, the 90% equity interest in Yin Di Mining held by Jinfuyuan Mining was purportedly transferred to Henan Guiyuan on 17 January 2017.

As revealed in the Second Civil Judgement, Henan Guiyuan alleged that Jinfuyuan Mining only paid RMB3,000,000 by way of deposit to Henan Guiyuan between March and November 2011 even though Henan Guiyuan had completed the transfer of the 95% equity of Yin Di Mining to Jinfuyuan Mining in April 2011 in performance of the terms of the Equity Transfer Agreement and that on 30 May 2011, both parties signed a supplemental agreement such that if Jinfuyuan Mining failed to pay the balance of RMB25,000,000 within 60 days, then it shall, inter alia, re-transfer the equity holding in Yin Di Mining to Henan Guiyuan unconditionally and allow the RMB3,000,000 deposit to be forfeited. Henan Guiyuan further alleged that on 18 December 2015, Jinfuyuan Mining signed a declaration and gave it to Henan Guiyuan, confirming that it owed the outstanding consideration to Henan Guiyuan and agreed to re-transfer its equity holding in Yin Di Mining to Henan Guiyuan.

Given the above circumstances, the Group faced obstructions in exercising control over, and gathering information and documents regarding, Yin Di Mining and its subsidiary (collectively, the "De-consolidated Subsidiaries"). The Group regards that it has lost control over the entire operations of the De-consolidated Subsidiaries and the directors of the Company have determined to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries from the Group's consolidated financial statements. Hence the De-consolidated Subsidiaries have been de-consolidated with effect from 1 April 2016 in the Consolidated Financial Statements. The resulting loss arising from the deconsolidation of HK$115,847,836 has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017. As disclosed in note 5 to the consolidated financial statements, the Group had disposed of the entire issued share capital of Jun Qiao Limited (the "Disposal") and the Group ceased its control of Jun Qiao Limited and its subsidiaries (the "Disposal Group") upon completion of the Disposal on 25 February 2019 (the "Disposal Date"). Jun Qiao Limited is an investment holding company whose principal assets are its investments in the De-consolidated Subsidiaries. The Group recognized gain on disposal of the Disposal Group of approximately HK$5,735,111, which is presented as other income in the Group's consolidated statement of profit or loss and other comprehensive income.

Under Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements", the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries should be derecognised from the consolidated financial statements of the Group at the date when control over the De-consolidated Subsidiaries was lost. As at the date of completion of disposal of the Disposal Group, the investigations by the PRC legal advisers into, inter alia, the factual circumstances and the claims and allegations of Henan Guiyuan, as instructed by the Company, was still in progress and the Company was not yet in a position to assess the impact of the First Civil Ruling and Second Civil Judgement on the operations and financial position of the Group. Further, we were unable to gain access to the books and records of the De-consolidated Subsidiaries. Consequently, we were unable to obtain sufficient appropriate audit evidence and explanation to assess the appropriateness of the accounting treatment adopted by the Group of treating the De-consolidated Subsidiaries as subsidiaries of the Group from 2011 onwards and until 1 April 2016, the date of their deconsolidation. We were also unable to obtain sufficient appropriate audit evidence and explanation to satisfy ourselves as to the date when the Group lost control over the De-consolidated Subsidiaries. Consequently, we were unable to determine whether any adjustments were necessary to the amounts of the assets and liabilities of the Group as at 31 March 2018, the loss (including the gain recognised on disposed of the Disposal Group) and cash flows of the Group for the years ended 31 March 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

(b) Amounts due from the De-consolidated Subsidiaries

During the year ended 31 March 2017, the Group recorded an impairment of amounts due from the De-consolidated Subsidiaries of HK$71,145,551 due to the circumstances described in (a) above. We were unable to obtain sufficient appropriate audit evidence regarding the validity, existence and impairment assessment of the amounts due from the De-consolidated Subsidiaries as at 31 March 2018 because: (i) there was inadequate documentary evidence available for us to verify the validity, existence and nature of the amounts due from the De-consolidated Subsidiaries; (ii) we were unable to carry out any effective confirmation procedures in relation to the amounts due from the De-consolidated Subsidiaries for the purpose of our audit; and (iii) there was inadequate documentary evidence available for us to satisfy ourselves as to whether the impairment testing in respect of the amounts due from the De-consolidated Subsidiaries were properly assessed in accordance with the requirements of applicable HKFRSs. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due from the De-consolidated Subsidiaries as at 31 March 2018 were free from material misstatement. In addition, the scope limitation explained in (a) above as to the date when the Group lost control over the De-consolidated Subsidiaries would also affect the appropriate accounting period in which the impairment loss should be recognised. Any adjustments that might have been found necessary may have a significant consequential effect on the carrying amount of, and impairment loss on, the amounts due from the De-consolidated Subsidiaries and hence on the net assets of the Group as at 31 March 2018 and the loss and cash flows of the Group for the years ended 31 March 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

(c) Contingent liabilities and commitments

Due to circumstances described in (a) above, we have not been able to obtain sufficient appropriate audit evidence and explanations as to whether the contingent liabilities and commitments committed by the Group were properly recorded and accounted for in accordance with the requirements of applicable HKFRSs, including Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the contingent liabilities and commitments of the Group were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the net assets of the Group as at 31 March 2018 and the loss and cash flows of the Group for the year ended 31 March 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

(d) Related party transactions

The scope limitation explained in (a) above as to the date when the Group lost control over the De-consolidated Subsidiaries would affect the disclosures of related party transactions in the 2017 Consolidated Financial Statements in the event that the date of loss of control is actually after 1 April 2016. Accordingly, we have not been able to obtain sufficient appropriate audit evidence as to whether the related party transactions disclosures were complete and in compliance with the requirements of applicable HKFRSs including Hong Kong Accounting Standard 24 "Related Party Disclosures". There were no practical alternative procedures that we could perform about the related party transactions which occurred during the year ended 31 March 2019 and 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The financial results of the Group for the year ended 31 March 2019 were highlighted as follows:

- Revenue during the year ended 31 March 2019 was HK$910.1 million, representing an increase of approximately 18.6% from HK$767.6 million in the year ended 31 March 2018 ("2017/2018"). The increase was mainly attributable to (i) increase in income from money lending segment; and (ii) the growing in size of the operation of trading segment.

- Gross profit amounted to HK$87.0 million during the year ended 31 March 2019, representing an increase of 55.3% from HK$56.0 million in 2017/2018. Gross profit margin was 9.6% in the current year, while the gross profit margin was 7.3% in 2017/2018. Gross profit margin was a weighted average figure of all active operating segments. Money lending segment with high gross profit margin was the main contributor of gross profit during the year ended 31 March 2019. The overall margin was, however, diluted by the trading segment where the gross profit margin was thinner.

- Profit of the Group for the year ended 31 March 2019 increased to HK$44.3 million, as compared to loss of HK$1.5 million in 2017/18. The turnaround from loss to profit was principally due to the continuous strengthening of the equity base of the Company in support of the ongoing growth and business development of the Company, resulting in a significant increase in revenue during the year ended 31 March 2019.

For the detailed financial results of each operating segment, please refer to the note 4 of the notes to the consolidated financial statements.

FINAL DIVIDEND

The Board did not propose a final dividend for the year ended 31 March 2019 (2017/2018: nil).

BUSINESS REVIEW

During the year ended 31 March 2019, the Group's operations are divided into three identifiable business segments, namely, the money lending segment, the trading segment and the mining segment. 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 is a licensed money lender in Hong Kong. The trading segment refers to (i) the trading of goods and commodities in China by Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (萬隆興業商貿(深圳)有限公司) ("Wan Long Xing Ye"), a wholly-owned subsidiary of the Company and (ii) the trading of goods and commodities in Hong Kong by Wan Long Xing Ye Commercial Trading (Hong Kong) Limited ("Wan Long Xing Ye HK"), a wholly-owned subsidiary of the Company. The mining operations segment refers to the exploration and exploitation of mineral resources in China conducted by the Jun Qiao Group, which was de-consolidated during the year ended 31 March 2017.

Money lending segment

Ban Loong Finance is a money lender licensed to carry out money lending business in Hong Kong. Its business primarily focuses in the area of short-term personal and corporate loans. To maintain credit control efficiency, Ban Loong Finance does not currently conduct business at retail level. Potential borrowers were sought from the social and business networks of the management and marketing team. To safeguard assets of the Group, the management and credit control team will review and assess the credit risk of each loan application carefully to ensure recoverability of each lending. The management will then conduct background check on borrowers, including, where necessary, obtaining credit reports issued by independent credit rating agent and examining borrowers' assets backing. Depending on the result of the cost and benefit analysis, Ban Loong Finance may request some borrowers to provide security and/or guarantee to fortify their loans. Generally speaking, borrowers would be requested to pay interest monthly, in order to facilitate the management's continual monitoring of the financial stability of borrowers.

During the year ended 31 March 2019, the business performance of the money lending segment was summarised below:

– Aggregate amount of lending	HK$231.2 million (2018: HK$301.6 million)
– Total number of lending	29 (2018: 36)
– Range of effective annual percentage rate (“APR”)	12%-28.8% (2018: 12.0%-30.0%)
– Weighted average APR	18.4% (2018: 17.3%)

During the year ended 31 March 2019, revenue generated from the segment, contributed essentially by interest received and accrued, increased from approximately HK$46.7 million in 2017/2018 to approximately HK$74.1 million.

Trading segment

Wan Long Xing Ye carried out trading of goods and commodities business in China. During the year ended 31 March 2019, Wan Long Xing Ye was principally engaged in the trading of refined edible oil and sugar. During the year ended 31 March 2019, the Group’s trading business in China generated revenue of approximately HK$773.9 million (2017/2018: HK$714.4 million), with trading of 103,130 tonnages (2017/2018: 121,043 tonnages) of refined edible oil and 28,209 tonnages (2017/2018: nil) of sugar being completed.

Wan Long Xing Ye HK carried out trading of goods and commodities business in Hong Kong. During the year ended 31 March 2019, Wan Long Xing Ye HK was principally engaged in the trading of cosmetic products and personal care products. During the year ended 31 March 2019, the Group’s trading business in Hong Kong generated revenue of approximately HK$62.1 million (2017/2018: HK$6.5 million), with trading of 379,877 units (2017/2018: 36,674) of cosmetic products and 112,926 units (2017/2018: nil) of personal care products being completed.

Mining segment

As disclosed in the announcements of the Company dated 15 January 2017, 22 January 2017, 1 February 2017, 31 May 2018 and 27 July 2018 (the “Incident Announcements”), the Company was informed of the incidents (the “Incidents”) regarding the Group’s mining assets (the “Mining Assets”) including the First Civil Ruling, the Second Civil Judgement, the Enforcement Order and the Purported Transfer of 90% equity of Tong Bai County Yin Di Mining Company Limited (“Yin Di Mining”) held by Zhengzhou Jinfuyuan Mining Company Limited (“Jinfuyuan Mining”) to Henan Guiyuan Industry Co., Ltd. (“Henan Guiyuan”). As a result of such Incidents, the Group considered that it lost effective control over the Mining Assets, including without limitation all property, plant and equipment of Yin Di Mining and the intangible assets on the Mining License owned by Yin Di Mining over Yin Di Mining Area with an area of approximately 1.81 square kilometres situated at Tongbai County, Henan Province, the PRC. Unless the context otherwise requires, capitalised terms used in this section shall have the same meanings as defined in the Incident Announcements.

At the instruction of the Company, Jinfuyuan Mining commenced legal actions against Henan Guiyuan shortly after the revelation of the Mining Incidents in an attempt to recover the Mining Assets and to pursue after the suspected wrong-doers (the “Recovery Actions”). However, as disclosed in the Company’s announcements dated 31 May 2018 and 27 July 2018, the application made by Jinfuyuan Mining for a re-trial of the Second Civil Judgment was rejected by Henan High People’s Court. While the Company has instructed Jinfuyuan Mining to continue to pursue the Recovery Actions through further appeal in the Courts in the PRC, the prospect of the Recovery Actions has become more uncertain than ever.

As disclosed in the Company’s announcement dated 31 January 2019, the Company entered into a sale and purchase agreement with an independent third party purchaser (the “Purchaser”) to sell (the “Jun Qiao Disposal”) the Group’s 60% shareholding in Jun Qiao, the holding company of the Group’s interest in the Mining Assets, for a cash consideration of HK$100,000 together with a 30% proportionate sharing of the compensation, after costs, from the Recovery Actions (the “Outcome Sharing Adjustment”). Through the Jun Qiao Disposal, the Company was effectively selling its indirect interest in Jinfuyuan Mining and thereby selling the outcome of the Recovery Actions together with the prospect of recovering the Mining Assets and the Disposal Loans. The Directors are of the view that the Jun Qiao Disposal can reduce the Group’s continual exposure to further litigation costs while retaining a partial interest in the prospect of the Recovery Actions and is therefore in the best interests of the Company and its shareholders as a whole.

GENERAL AND ADMINISTRATIVE EXPENSES

During the year ended 31 March 2019, the Group's general and administrative expenses (which mainly comprises legal and professional fees, salaries, directors' fees and office rentals) amounted to approximately HK$37.7 million (2017/2018: HK$51.0 million), which were 26.1% lower than that in 2017/2018 principally due to the implementation of cost-control measures by the Group.

FINANCE COSTS

During the year ended 31 March 2019, finance costs amounting to HK$4.65 million were incurred, which stayed at almost the same level as in 2017/2018. The finance costs were mainly due to interest incurred on bonds issued in previous years.

INCOME TAX EXPENSES

During the year ended 31 March 2019, income tax expenses amounting to HK$7.6 million (2017/2018: HK$1.3 million) were incurred. The increase in the income tax expenses is principally due to the increase in the profit of the Group.

EARNINGS/(LOSS) PER SHARE

During the year ended 31 March 2019, the basic and diluted earnings per share amounted to 0.76 HK cents, as compared to the basic and diluted loss per share of 0.03 HK cents in 2017/18.

TRADE RECEIVABLES

The Group's trade receivables as at 31 March 2019 amounted to approximately HK$82.3 million, representing an increase of approximately HK$53.0 million as compared to approximately HK$29.3 million as at 31 March 2018. The increase in trade receivables was mainly due to the increase in business volume of the Group's trading business and the fuller utilisation of the credit period by our trading customers during the year. Most of the amount has been settled after the year end date but before the date of this announcement. The management will constantly review the ageing and credit standing of customers to monitor the recoverability of trade receivables.

OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	31 March 2019	31 March 2018
	HK$	*HK$*
Other receivables	**22,060,811**	41,311,833
Deposits	**2,198,603**	960,515
Prepayments	**206,887,600**	155,922,830
	231,147,014	198,195,178

The other receivables included advances to suppliers and potential suppliers who are independent third parties in the amount of HK$14,687,481 (31 March 2018: HK$35,354,445), which were fully utilized for prepayment of the Group's orders subsequent to the end of the reporting period. The remaining balances were not material to the Group.

FINANCIAL POSITION

During the year, the Group's shareholders' equity increased by 37.4% from approximately HK$556.6 million to approximately HK$765.0 million, and total assets increased by 17.8% from approximately HK$737.7 million to approximately HK$868.6 million, principally due to: (a) the completion of the issuance and allotment of 1,000,000,000 shares to Yunnan Baiyao Holdings Company Limited ("Yunnan Baiyao Holdings") at the subscription price of HK$0.18 per share in November 2018, raising net proceeds of approximately HK$178.8 million; and (b) the total comprehensive income recorded during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group's cash and cash equivalents amounted to HK$74.7 million (31 March 2018: HK$144.0 million).

As at 31 March 2019, the Group had outstanding unsecured 5.5% per-annum 7-year (due between January and July 2021) corporate bonds (the "Bonds") with aggregate principal sum of HK$70 million. The repayment obligations of the Company under the instruments of the Bonds are and will continue to be guaranteed by Jun Qiao beyond completion of the Disposal. Under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company and Jun Qiao undertook to continue to maintain its interests in the Mining Assets and not to dispose of, transfer or sell any of the Mining Assets until the maturity of the Bonds, unless the consent of the majority of the bondholders is obtained. Under the terms of the Disposal, the Purchaser agreed not to dispose of its interests in the Jun Qiao Group, and the Jun Qiao Group agreed not to dispose of its interests in the Recovery Actions or the Mining Assets, in each case beyond completion of the Disposal up to and until 9 July 2021.

	As at 31 March 2019	As at 31 March 2018
Current ratio (current assets/current liabilities)	**8.3 times**	4.0 times
Gearing ratio (total liabilities/total assets)	**12%**	25%

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 required 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 maintain sufficient working capital to support its future operational and investment needs.

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 31 March 2019, the total number of issued ordinary shares of the Company was 6,448,152,160 shares (31 March 2018: 5,448,152,160 shares).

The Company has conducted the following equity fund raising exercises during the year ended 31 March 2019. On 20 August 2018, the Company entered into a subscription agreement with Yunnan Baiyao Holdings, pursuant to which the Company agreed to issue and allot 1,000,000,000 shares to Yunnan Baiyao Holdings at the subscription price of HK$0.18 per subscription share (the "Subscription"). The Subscription was completed on 22 November 2018.

ACTUAL USE OF PROCEEDS OF PAST EQUITY FUND-RAISING ACTIVITIES

The Company entered into the subscription agreement with Yunnan Baiyao Holdings on 20 August 2018, pursuant to which the Company agreed to issue and allot 1,000,000,000 shares to Yunnan Baiyao Holdings at the subscription price of HK$0.18 per share. The Subscription was completed on 22 November 2018. The gross proceeds and net proceeds from the Subscription amounted to approximately HK$180 million and HK$178.8 million, respectively. At the time of Subscription, the Company intended to apply the net proceeds from the Subscription: (a) as to approximately HK$40 million for the Group's trading business of refined edible oil in China; (b) as to approximately HK$40 million for the Group's trading business of cosmetic products in Hong Kong; (c) as to approximately HK$52.5 million for the Group's personal care product business; (d) as to approximately HK$28.8 million for the Group's corporate expenses, including HK$12.4 million for the payment of salaries and remuneration of management and staff, HK$3.8 million for the payment of bond interest, HK$4.2 million for rental expenses, HK$5 million for professional fees and HK$3.4 million for business development budgets of the Group; and (e) as to approximately HK$17.5 million for the Group's general working capital. As at the date of this announcement, the actual usage of the net proceeds was as follows: (a) HK$65 million being applied for the Group's trading business in Hong Kong and China as intended, with HK$15 million which was set aside for the trading businesses remaining unutilised; (b) HK$52.5 million being applied for the Group's personal care product business as intended; (c) HK$14.5 million being utilized so far out of the HK$28.8 million originally set aside for the Group's corporate expenses; and (d) HK$18 million being applied for the Group's general wording capital as intended with HK$5.5 million remaining unutilised.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period for the year are set out in note 15 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 March 2019, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

As at 31 March 2019, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are either denominated in Hong Kong dollars or Renminbi, and most of the Group's cash balances are deposited in Hong Kong dollars or Renminbi with banks in Hong Kong and the PRC. Certain portions of the Group's sales, purchases and expenses were denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and may consider hedging significant foreign exchange exposure if and when necessary.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2019, the Group had 27 employees (31 March 2018: 27 employees). For the year ended 31 March 2019, the total salaries, commissions, incentives and all other staff related costs amounted to approximately to HK$9.9 million (2018: HK$6.1 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 assistance benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

As detailed in the "Business Review", the disposal of Jun Qiao was completed in February 2019.

The Group did not have any other significant investments, acquisitions or disposals during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PROSPECTS

Money lending business

During and subsequent to the year ended 31 March 2019, the money lending business of the Group continued to contribute a constant cash inflow to the Group.

As disclosed in the Company's announcement dated 27 September 2018, the Company responded to the changes in interest rate and monetary policy by fine-tuning its development pace of the money lending business. The Company will continue to take a pragmatic approach in its money lending business to adapt to the market environment and the money supply market and to counteract market challenges from time to time. The management expected the money lending segment will still be one of the major revenue and profit contributors of the Group in the coming years.

Trading segment

During the year ended 31 March 2019, the trading segment of the Group successfully diversified its trading goods categories from refined edible oil and cosmetic products to sugar and personal care products.

As disclosed in the Company's announcements dated 10 May 2019, Wan Long Xing Ye HK entered into a supply agreement with Yunnan Baiyao Group Yunfeng Import & Export Group Co., Ltd (an indirect wholly-owned subsidiary of Yunnan Baiyao Group Co., Ltd) regarding the supply of plant extracts and the provision of ancillary testing, logistics, import and export and related services as part of the Group's ordinary and usual course of business.

The management will continue its plan to increase the size of trading volume with a view to achieve economy of scale and improve the gross profit margin. The segment is expected to remain as 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 its shareholders to diversify the Group's business portfolio. The Company will continue to identify appropriate potential investment opportunities.

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 "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the following deviation:

Code Provision A.2.1

Under the code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 23 January 2017 onwards, the roles of chairman and chief executive of the Company were performed by Mr. Chow Wang.

The Board considers that vesting the roles of the Chairman and the Chief Executive Officer in the same individual is beneficial to the business prospects and management of the Company. The Board will nevertheless review this structure from time to time and will consider the segregation of the two roles at appropriate time.

Code Provision A.4.1

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The non-executive Director and independent non-executive Directors were not appointed for a specific term, but are subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company in accordance with the provisions of the Company's bye-laws. The management experience, expertise and commitment of the re-electing Directors will be considered by the nomination committee of the Company before their re-election proposals are put forward to Shareholders. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices regarding Directors' appointment are no less exacting than those in the CG Code.

Code Provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting to gain and develop a balanced understanding of the views of shareholders. During the year ended 31 March 2019, the Company held one annual general meeting on 28 September 2018 (the "2018 AGM") and two special general meetings (the "SGMs") on 28 September 2018 and 15 October 2018 respectively. Certain non-executive Director and the independent non-executive Directors were unable to attend the 2018 AGM and/or the SGMs due to other business commitment. However, views expressed by shareholders at general meetings are recorded and circulated for discussion by all directors regardless of attendance. The Company will plan its dates of meetings in advance to facilitate Directors' attendance.

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, 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 Company (the "Nomination Committee") to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieve a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board having due regard to the importance of Board diversity.

The Company is committed to established procedures of candidates selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge.

The Nomination Committee will report annually, in the Corporate Governance Report which will be set out in its annual report for the year ended 31 March 2019, on the Board's composition under diversified perspectives, and monitor the implementation of the Policy.

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

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Audit Committee of the Company (the"Audit Committee") was established by the Board with specific terms of reference, whose purposes include the reviewing of the accounting principles and practices adopted by the Group and discussing auditing, internal control, risk management and financial reporting matters. The Audit Committee currently comprising three independent non-executive Directors, namely, Ms. Wong Chui San, Susan *(Chairman)*, Mr. Jiang Zhi and Mr. Leung Ka Kui, Johnny. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 March 2019.

NOMINATION COMMITTEE

The nomination committee of the Company (the“Remuneration Committee”) was established with specific terms of reference, whose purposes include the reviewing of 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. Chu Ka Wa and three independent non-executive Directors, namely, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan. The Company has adopted a nomination policy for Directors, details of which will be disclosed in the annual report of the Company for the year ended 31 March 2019.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the“Remuneration Committee”) was set up by the Board with specific terms of reference, whose purposes include the reviewing of 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. Chu Ka Wa and three independent non-executive Directors, namely, Mr. Leung Ka Kui, Johnny *(Chairman)*, Mr. Jiang Zhi and Ms. Wong Chui San, Susan.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the full set of 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 the code of conduct regarding securities transactions by the Directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to the Group’s senior management and persons who are privy to price sensitive information of the Group. All Directors confirmed to the Company that they have complied with the Model Code during the year and up to the date of publication of this announcement.

PUBLICATION OF FINANCIAL INFORMATION

This results 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 the year ended 31 March 2019 will be dispatched to the shareholders of the Company and published on the above websites of the Stock Exchange and the Company in due course.

By Order of the Board of
Ban Loong Holdings Limited
Chow Wang
Chairman & Chief Executive Officer

Hong Kong, 24 June 2019

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

Executive Directors:
Mr. Chow Wang *(Chairman & Chief Executive Officer)*
Mr. Chu Ka Wa *(Chief Financial Officer)*
Mr. Wang Zhaoqing *(Chief Operating Officer)*

Non-Executive Director:
Mr. Fong For

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