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 2020

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 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** *HK$*	2019 *HK$*
Revenue	*4*	**1,162,153,635**	910,081,910
Cost of sales		**(1,054,070,055)**	(823,076,956)
Gross profit		**108,083,580**	87,004,954
Other income and gain		**61,638**	5,844,032
Net allowance for expected credit losses		**(721,519)**	2,569,442
Share of result of an associate		**(149,827)**	(146,086)
Selling and distribution expenses		**(898,957)**	(984,355)
General and administrative expenses		**(41,287,842)**	(37,721,658)
Finance costs	*5*	**(4,984,168)**	(4,650,000)
Profit before tax	*6*	**60,102,905**	51,916,329
Income tax expenses	*8*	**(10,534,043)**	(7,648,435)
Profit for the year		**49,568,862**	44,267,894

	Notes	**2020**	2019
		HK$	*HK$*
Other comprehensive expense for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operation		**(13,794,531)**	(11,232,423)
Exchange reserve released on disposal of subsidiaries		**–**	(1,027,801)
Other comprehensive expense for the year		**(13,794,531)**	(12,260,224)
Total comprehensive income for the year		**35,774,331**	32,007,670
Profit/(loss) for the year attributable to:			
Owners of the Company		**49,573,533**	44,271,814
Non-controlling interests		**(4,671)**	(3,920)
		49,568,862	44,267,894
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**35,779,002**	32,011,590
Non-controlling interests		**(4,671)**	(3,920)
		35,774,331	32,007,670
Earnings per share			
– Basic and diluted *(HK cents)*	*9*	**0.77**	0.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$	2019 HK$
Non-current assets			
Property, plant and equipment		**3,350,687**	3,964,173
Right-of-use assets		**13,225,040**	–
Investment in an associate		**228,250**	412,717
Loan receivables	*11*	**562,274**	820,311
Deferred tax assets		**359,954**	260,918
		17,726,205	5,458,119
Current assets			
Inventories		**13,394,914**	–
Trade receivables	*10*	**22,800,777**	82,262,278
Loan and interest receivables	*11*	**531,302,686**	475,114,381
Other receivables, deposits and prepayments		**364,320,021**	231,147,014
Amount due from a shareholder		**10,425,788**	–
Bank balances and cash		**7,027,960**	74,664,169
		949,272,146	863,187,842
Current liabilities			
Trade and other payables	*12*	**45,638,191**	14,953,908
Contract liabilities		**23,683,820**	15,009,993
Lease liabilities		**8,313,293**	–
Tax payable		**14,357,969**	5,298,410
Bonds		**69,229,000**	68,429,000
		161,222,273	103,691,311
Net current assets		**788,049,873**	759,496,531
Total assets less current liabilities		**805,776,078**	764,954,650

	Notes	**2020**	2019
		HK$	*HK$*
Capital and reserves			
Share capital	*13*	**64,481,522**	64,481,522
Reserves		**735,327,250**	699,548,248
Equity attributable to owners of the Company		**799,808,772**	764,029,770
Non-controlling interests		**920,209**	924,880
Total equity		**800,728,981**	764,954,650
Non-current liability			
Lease liabilities		**5,047,097**	–
		805,776,078	764,954,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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. Yunnan Baiyao Group Co., Limited is the substantial shareholder of the Company. 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 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to 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.

HKFRS 16 Leases

Transition and summary of effects arising from initial application of HKFRS 16

On 1 April 2019, the Group has applied HKFRS 16. HKFRS 16 superseded HKAS 17, and the related interpretations. The Group applied the HKFRS 16 in accordance with the transition provisions of HKFRS 16.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessor

During the year ended 31 March 2020, application of HKFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties was determined on a portfolio basis;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iv) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

(v) relied on the assessment of whether lease are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment view.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied by relevant group entities was 2.16%.

	At 1 April 2019
	HK$
Operating lease commitment disclosed as at 31 March 2019	9,426,670
Lease liabilities discounted at relevant incremental borrowing rate	9,306,302
Less: recognition exemption – short-term leases	(132,800)
Lease liabilities as at 1 April 2019	9,173,502
Analysis as:	
Current	8,466,929
Non-current	706,573
	9,173,502

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	HK$
Right-of-use assets presented by class:	
Leased premises *(note (a))*	9,173,502

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 as at 1 April 2019**
	HK$	***HK$***	***HK$***
Non-current assets			
Right-of-use assets	–	9,173,502	9,173,502
Liabilities			
Lease liabilities			
– Current portion	–	8,466,929	8,466,929
– Non-current portion	–	706,573	706,573

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on the opening consolidated statement of financial position at 1 April 2019 as disclosed above.

Notes:

(a) The carrying amount of right-of-use assets at 1 April 2019 is relating to operating leases of land and buildings recognised upon application of HKFRS 16.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid, included in deposits, as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and should be adjusted to reflect the discounting effect at transition. However, the adjustments to present value are immaterial and not recognised at the date of initial application, 1 April 2019.

Upon application of HKFRS 16, on transition, the Group recognised lease liabilities of HK$9,173,502 and right-of-use assets of HK$9,173,502 in the consolidated statement of financial position at 1 April 2019.

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRS 16	COVID-19 — Related rent Concessions[5]

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] 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.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2020.

[5] Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised "Conceptual Framework for Financial Reporting" was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework" in HKFRS Standards, will be effective for annual periods beginning on or after 1 April 2020. 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.

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 2017 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. 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 recognised gain on disposal of the Disposal Group of approximately HK$5,735,111 in the financial year ended 31 March 2019, 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 the People’s Republic of China (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 1 April 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 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 by reportable and operating segments:

For the year ended 31 March 2020

	Money lending *HK$*	**Trading** *HK$*	**Total** *HK$*
Revenue	**89,701,100**	**1,072,452,535**	**1,162,153,635**
Segment profit	**88,956,531**	**13,051,614**	**102,008,145**
Unallocated corporate income and gain			**51,112**
Unallocated corporate expenses			**(36,972,184)**
Finance costs			**(4,984,168)**
Profit before tax			**60,102,905**

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 costs			(4,650,000)
Profit before tax			51,916,329

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in current year (2019: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit from each segment without allocation of directors' fee, certain bank interest income included in other income and gain, loss on disposal of property, plant and equipment, gain on disposal of subsidiaries, certain general and administrative expenses, share of result of an associate, 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:

	2020	2019
	HK$	*HK$*
Segment assets		
Money lending	**534,227,942**	496,750,029
Trading	**401,709,937**	321,728,118
Unallocated corporate assets	**31,060,472**	50,167,814
Consolidated assets	**966,998,351**	868,645,961

	2020	2019
	HK$	*HK$*
Segment liabilities		
Money lending	**12,781,214**	4,855,194
Trading	**69,770,783**	19,762,015
Unallocated corporate liabilities	**83,717,373**	79,074,102
Consolidated liabilities	**166,269,370**	103,691,311

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 right-of-use assets, investment in an associate, 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, bonds and certain lease liabilities which are managed on a group basis.

In measuring the Group's segment assets and liabilities, deferred tax asset of HK$357,861 (2019: HK$260,391) was allocated to money lending segment and deferred tax asset of HK$2,093 (2019: HK$527) was allocated to trading segment. However, the relevant income tax expense of HK$10,534,043 (2019: HK$7,648,435) was not included in the measurement of segment results.

Other segment information

For the year ended 31 March 2020

	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	**55,378**	**354,345**	**820,438**	**1,230,161**
Depreciation of right-of-use assets	**503,378**	**1,560,432**	**6,472,160**	**8,535,970**
Additions to non-current assets *(note)*	**–**	**1,055,793**	**13,408,022**	**14,463,815**
Bank interest income	**–**	**10,555**	**8,985**	**19,540**
Allowance for expected credit losses on trade receivables	**–**	**218,750**	**–**	**218,750**
Reversal of allowance for expected credit losses on trade receivables	**–**	**(428,421)**	**–**	**(428,421)**
Allowance for expected credit losses on other receivables	**–**	**225,084**	**–**	**225,084**
Reversal of allowance for expected credit losses on other receivables	**–**	**(34,135)**	**–**	**(34,135)**
Allowance for expected credit losses on loan receivables	**814,320**	**–**	**–**	**814,320**
Reversal of allowance for expected credit losses on loan receivables	**(74,079)**	**–**	**–**	**(74,079)**
Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:				
Finance costs	**17,747**	**47,170**	**4,919,251**	**4,984,168**
Income tax expenses	**8,141,170**	**2,392,873**	**–**	**10,534,043**

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 receivables	–	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 CODM 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

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

Revenue from major products and services

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

	2020 *HK$*	2019 *HK$*
Revenue from money lending	**89,701,100**	74,131,590
Revenue from trading of goods and commodities	**1,072,452,535**	835,950,320
	1,162,153,635	910,081,910

Geographical information

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

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

	Hong Kong		PRC (excluding Hong Kong)		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
For the year ended 31 March						
Segment revenue	**302,183,831**	136,201,812	**859,969,804**	773,880,098	**1,162,153,635**	910,081,910
At 31 March						
Non-current assets	**15,950,977**	4,017,106	**1,187,024**	767,378	**17,138,001**	4,784,484

Note: Non-current assets excluded investment 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:

	2020	2019
	HK$	*HK$*
Customer A[1]	**N/A[2]**	139,004,892
Customer B[1]	**307,858,206**	129,069,297
Customer C[1]	**N/A[2]**	98,029,673
Customer D[1]	**322,319,007**	N/A[2]

1 Revenue from trading

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

5. FINANCE COSTS

	2020	2019
	HK$	*HK$*
Effective interest expense on bonds	**4,650,000**	4,650,000
Interest on lease liabilities	**334,168**	–
	4,984,168	4,650,000

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020	2019
	HK$	*HK$*
Auditors' remuneration	**1,300,000**	1,300,000
Cost of inventories recognised as expense	**1,054,070,055**	823,076,956
Depreciation of property, plant and equipment	**1,230,161**	1,199,779
Loss on disposal of property, plant and equipment	**48,949**	–
Depreciation of right-of-use assets	**8,535,970**	–
Exchange loss/(gain), net	**74,408**	(781,174)
Employee benefit expenses	**15,685,144**	14,719,498
Minimum lease payment under operating leases in respect of land and buildings	**–**	4,206,708
Expenses relating to short-term lease	**132,800**	–

7. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

8. INCOME TAX EXPENSES

	2020	2019
	HK$	*HK$*
Current tax:		
– Hong Kong Profits Tax	**9,913,733**	6,709,403
– PRC Enterprise Income Tax	**719,346**	489,482
Deferred tax	**(99,036)**	449,550
	10,534,043	7,648,435

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.

9. EARNINGS PER SHARE

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

	2020	2019
	HK$	*HK$*
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**49,573,533**	44,271,814
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**6,448,152,160**	5,804,316,544

Diluted earnings per share were the same as basic earnings per share as there were no potential dilutive share in existence during the years ended 31 March 2020 and 2019.

10. TRADE RECEIVABLES

	2020	2019
	HK$	*HK$*
Trade receivables	**23,036,149**	82,707,321
Less: Allowance for expected credit losses	**(235,372)**	(445,043)
	22,800,777	82,262,278

Trade receivables in relation to trading are having an average credit period of 90 days (2019: 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 years ended 31 March 2020 and 2019, are as follows:

	Total
	HK$
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 and 1 April 2019	445,043
Allowance for expected credit losses	218,750
Reversal of allowance for expected credit losses *(note)*	(428,421)
Balance as at 31 March 2020	**235,372**

Note: Reversal of allowance for expected credit losses 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:

	2020	2019
	HK$	*HK$*
0 – 90 days	**23,036,149**	82,707,321

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.

11. LOAN AND INTEREST RECEIVABLES

	2020	2019
	HK$	*HK$*
Loan receivables		
Secured	**342,369,052**	381,202,454
Unsecured	**176,015,612**	89,417,034
	518,384,664	470,619,488
Interest receivables	**14,539,340**	5,634,007
	532,924,004	476,253,495
Less: Allowance for expected credit losses	**(1,059,044)**	(318,803)
	531,864,960	475,934,692

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 years ended 31 March 2020 and 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 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 and 1 April 2019	318,803	–	–	318,803
Allowance for expected credit losses	814,320	–	–	814,320
Reversal of allowance for expected credit losses	(74,079)	–	–	(74,079)
At 31 March 2020	**1,059,044**	**–**	**–**	**1,059,044**

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:

	2020	2019
	HK$	*HK$*
Within one year	**517,822,390**	469,799,177
Two to five years	**562,274**	820,311
	518,384,664	470,619,488
Carrying amount analysed for reporting purpose:		
Current assets	**531,302,686**	475,114,381
Non-current assets	**562,274**	820,311
	531,864,960	475,934,692

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 30 days to 5 years (2019: 45 days to 5 years). The loans provided to customers bore fixed interest rate ranging from 1% – 2.4% (2019: 1% – 2.5%) per month, 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.

	2020	2019
	HK$	*HK$*
Within 90 days	**284,275,687**	314,814,705
91 – 180 days	**71,538,755**	100,582,440
181 – 365 days	**175,194,594**	59,518,059
Over 365 days	**855,924**	1,019,488
	531,864,960	475,934,692

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 2020 and 2019, 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.

12. TRADE AND OTHER PAYABLES

	2020	2019
	HK$	*HK$*
Trade payables *(notes (a) and (b))*	**42,556,625**	592,272
Other payables and accrued charges *(note (c))*	**3,081,566**	14,361,636
	45,638,191	14,953,908

Notes:

(a) The ageing of trade payables were within 90 days based on the invoice date at the end of the reporting period.

(b) The credit period for trade payables ranging from 45 to 180 days (2019: 45 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

(c) As at 31 March 2019, balance included advance from an independent third party of HK$3,615,430 that are interest-free, unsecured and repayable on demand.

13. SHARE CAPITAL

	2020		2019	
	No. of shares	**Total**	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	**6,448,152,160**	**64,481,522**	5,448,152,160	54,481,522
Issue of shares upon shares subscription *(note (i))*	**–**	**–**	1,000,000,000	10,000,000
At 31 March	**6,448,152,160**	**64,481,522**	6,448,152,160	64,481,522

Note:

(i) On 22 November 2018, 1,000,000,000 shares were allotted and issued to Yunnan Baiyao Holdings Co., Ltd. ("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.

14. EVENTS AFTER THE REPORTING PERIOD

Since late January 2020, the outbreak of Coronavirus Disease 2019 (the "COVID-19 Outbreak") has been rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. During the year ended 31 March 2020, the COVID-19 Outbreak had no material impacts on the financial performance of the Group. However, the management of the Group expects that revenue generated from trading of goods and commodities of 2021 might be adversely affected to a certain extent, which will depend on the new development concerning the global severity of and actions taken to contain the COVID-19 Outbreak that are highly uncertain. The Group will continue to pay close attention to the development of the COVID-19 Outbreak and evaluate its impact on the consolidated financial statements and operation results.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

QUALIFIED OPINION

We have audited the consolidated financial statements of Ban Loong Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 March 2020, 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 on the corresponding figures 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 2020, 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.

BASIS FOR QUALIFIED OPINION

COMPARATIVE FIGURES

(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 regarded that it had lost control over the entire operations of the De-consolidated Subsidiaries and the directors of the Company had 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 had been deconsolidated with effect from 1 April 2016 in the 2017 Consolidated Financial statements. The resulting loss arising from the deconsolidation of HK$115,847,836 had been recognised in the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2017. 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 was an investment holding company whose principal assets were its investments in the De-consolidated Subsidiaries. The Group recognised gain on disposal of the Disposal Group of approximately HK$5,735,111 in the financial year ended 31 March 2019, which was 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 and management personnel 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 opening balances of the assets and liabilities of the Group as at 1 April 2018, the loss (including the gain recognised on disposed of the Disposal Group) and cash flows of the Group for the year ended 31 March 2019, 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 loss to fully write down the amounts due from the Deconsolidated 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 1 April 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 opening balances of the amounts due from the De-consolidated Subsidiaries as at 1 April 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 opening balances of net assets of the Group as at 1 April 2018 and the loss and cash flows of the Group for the year ended 31 March 2019, 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 as at 1 April 2018 were properly recorded and accounted for and in compliance 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 as at 1 April 2018 were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the opening balances of net assets of the Group as at 1 April 2018 and the loss and cash flows of the Group for the year ended 31 March 2019, 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 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 in respect of the financial year ended 31 March 2019 were properly recorded and accounted for 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 over the related party transactions which might have occurred during the year ended 31 March 2019.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The financial results of the Group for the year ended 31 March 2020 were highlighted as follows:

- Revenue during the year ended 31 March 2020 was HK$1,162.2 million, representing an increase of approximately 27.7% from HK$910.1 million in the year ended 31 March 2019 ("2018/2019"). The increase was mainly attributable to (i) increase in income from money lending segment due to the increase in demand of loans from Group's money lending customers; and (ii) increase in income from trading segment mainly due to the increase in purchase order placed by the Group's trading customers.

- Gross profit amounted to HK$108.1 million during the year ended 31 March 2020, representing an increase of 24.3% from HK$87.0 million in 2018/2019. Gross profit margin was 9.3% in the current year, while the gross profit margin was 9.6% in 2018/2019. The decrease in profit margin was due to the larger increase in revenue of the trading segment (with lower profit margin) as compared to the money lending segment (with higher profit margin).

- Profit of the Group for the year ended 31 March 2020 increased to HK$49.6 million, representing an increase of 12.0% from HK$44.3 million in 2018/2019. The profit increased mainly due to the increase in the revenue and profit from money lending segment.

For the detailed financial results of each operating segment, please refer to 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 2020 (2018/2019: nil).

BUSINESS REVIEW

During the year ended 31 March 2020, the Group's operations are divided into two identifiable business segments, namely, the money lending segment and the trading 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.

Money lending segment

Ban Loong Finance is a money lender licensed subsidiary 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. Our money lending business is managed by a team of experienced personnel including loan officers and reviewing officers and other management members having sound financial and business knowledge. 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. 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. The Company has put in place clear credit policies, guidelines, controls and procedures covering the entire life cycle of each loan transaction, which are summarised as follows:

(1) Assessment of application: Our management and staff will conduct background checking and know-your-client (KYC) procedures over the applying borrowers. Individual borrowers are invited to our office to conduct personal meetings with our loan officer to understand their financial needs and their repayment plans. For corporate borrowers, our loan officer may interview the applicant and, if necessary, visit the office of the applicant to understand their business scale and nature. The loan officer will report the results of the meeting to the reviewing officer as a part of the loan approval process.

(2) Loan approval: Based on the application, the loan officer will make a recommendation on the loan size, term and interest rate based on the results of the background checking stage. Factors taking into account in considering the loan application include: (a) the Group's assessment on the financial means of the applicant, both in terms of annual income and asset base; (b) the macro-economy and the latest trend of interest rate; and (c) the availability of personal guarantee and/or provision of collateral to fortify the repayment obligations. The proposal will be submitted to the reviewing officer of the department. For renewal applications of old customers, the customer interview procedure will be proceeded as usual but the background checking and KYC procedures are simplified. In addition to the assessment factors for new customers, the result of any renewal applications from old customers will also depend on their past repayment records. If the loan application is approved, the loan officer will prepare the full legal documentation of the loan, guarantee and asset pledge with the assistance of external legal advisers. Once the loan is properly documented and executed, the loan officer will report to the reviewing officer and the management to prepare for the loan drawdown.

(3) Ongoing account maintenance: The loan officer will provide continuous monitoring of the loan repayments and regularly review if there is any change of situation, and will report to the reviewing officer from time to time.

(4) Repayment collection: The loan officer will make phone calls and text messages to borrowers to remind them of repayment schedules. In the event of repayment delay or default, the loan officer will instruct legal advisers to issue demand letters and commence legal proceedings if necessary.

During the year ended 31 March 2020, the business performance of the money lending segment was summarised below:

– Aggregate amount of lending	HK$82.7 million (2019: HK$231.2 million)
– Total number of lending	18 (2019: 29)
– Range of effective annual percentage rate ("APR")	12%-28.8% (2019: 12%-28.8%)
– Weighted average APR	18.2% (2019: 18.4%)

During the year ended 31 March 2020, revenue generated from the segment, contributed essentially by interest received and accrued, increased from approximately HK$74.1 million in 2018/2019 to approximately HK$89.7 million.

Trading segment

During the year ended 31 March 2020, the Group’s trading business in China generated revenue of approximately HK$860.0 million (2018/2019: HK$773.9 million), and the Group’s trading business in Hong Kong generated revenue of approximately HK$212.5 million (2018/2019: HK$62.1 million).

In the past, our trading business principally involved the trading of food raw materials such as sugar and edible oil. The Company tries to minimize its stock-up period, such that the storage risk and cost are also kept to the minimum. In order to reduce our risk exposure and cost, our trading business adopts the purchase-to-order (PTO) strategy to the maximum extent possible. Ideally, if we receive a definitive and legally-binding purchase order (PO) from our customer for pre-fixed product type and specifications and pre-agreed supply quantity, unit price and delivery date, we would then obtain price quotations from one or several suppliers with suitable product type and lowest price to match the PO. If the matching exercise gives rise to a profitable trading opportunity, we would accept the customer PO and place a supplier PO to our selected supplier to meet the demand. After arranging with both the customer and supplier sides, the Company would issue product collection notice to the supplier’s warehouse, and issue delivery instructions to transportation agent to arrange for product delivery. Payments of products are normally settled by customers under permitted credit periods. Occasionally, the demand of our trading business would also be managed by purchase demand projection provided by our trading customers for specified periods in good-faith and no-commitment basis. Purchase demand projections would, unless withdrawn or altered, be turned into binding purchase orders when the lead time required between the order placement and the required delivery date approaches.

The Group has been exploring opportunities to diversify into new businesses. Since as early as 2017 and 2018, the Group has already diversified the product range of its trading business from edible oil and sugar to include also cosmetics and personal care products. For certain new product lines, the Company adopts a mixed purchase-to-stock (PTS) model and targets to maintain a modest inventory level. Through the business network of our suppliers and customers of cosmetics and personal care products, the Group became aware of the worldwide trend of the legalization and the consumer use in commercialized scale of cannabidiol (“CBD”), one of the naturally occurring non-psychoactive cannabinoids found in hemp. In contrast to tetrahydrocannabinol (“THC”) which is the key psychoactive cannabinoids in cannabis plants, CBD exhibits no effects indicative of abuse or dependence potential and no evidence of public health-related problems according to the Cannabidiol (CBD) Critical Review Report published by the Expert Committee on Drug Dependence of the World Health Organization in 2019.

GENERAL AND ADMINISTRATIVE EXPENSES

During the year ended 31 March 2020, the Group's general and administrative expenses (which mainly comprises legal and professional fees, staff salaries, directors' fees and office rentals) amounted to approximately HK$41.3 million (2018/2019: HK$37.7 million), which were 9.5% higher than 2018/2019, the increase of which was principally due to the increased operating costs including staff salaries and legal and professional fee as a result of the increase in size of the Group's business during current year as compared with last 2018/2019.

FINANCE COSTS

During the year ended 31 March 2020, finance costs amounting to HK$5 million were incurred, which stayed at almost the same level as in 2018/2019. The finance costs were mainly due to interest incurred on bonds issued in previous years.

INCOME TAX EXPENSES

During the year ended 31 March 2020, income tax expenses amounting to HK$10.5 million (2018/2019: HK$7.6 million) were incurred. The increase in the income tax expenses is principally due to the increase in the profit generated from the money lending segment during 2018/2019.

EARNINGS PER SHARE

During the year ended 31 March 2020, the basic and diluted earnings per share amounted to 0.77 HK cents, as compared to the basic and diluted earnings per share of 0.76 HK cents in 2018/2019.

TRADE RECEIVABLES

The Group's trade receivables as at 31 March 2020 amounted to approximately HK$22.8 million, representing a decrease of approximately HK$59.5 million as compared to approximately HK$82.3 million as at 31 March 2019. The decrease in trade receivables was mainly due to the early settlement by customers of trading segment during the year. The management did not foresee any recoverability problem as 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:

	2020	2019
	HK$	*HK$*
Other receivables	**15,883,490**	22,060,811
Deposits	**3,588,277**	2,198,603
Prepayments	**344,848,254**	206,887,600
	364,320,021	231,147,014

The other receivables included advances to suppliers and potential suppliers who are independent third parties in the amount of HK$15.9 million (2018/2019: HK$22.1 million), 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

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from approximately HK$765.0 million to HK$800.7 million. Total assets increased by 11.3% from approximately HK$868.6 million to HK$967.0 million which was mainly due to the increase in right-of-use assets, loan and interest receivables, inventories and amount due from a shareholder during the year. Net assets increased by 4.7% from HK$765.0 million to HK$800.7 million which was primarily due to the total comprehensive income recorded during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group's cash and cash equivalents amounted to HK$7.0 million (2019: HK$74.7 million).

As at 31 March 2020, the Group had outstanding unsecured 5.5% per-annum 7-years (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 guaranteed by Jun Qiao Limited ("Jun Qiao"). 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 (the "Mining Assets") owned by Jun Qiao and its subsidiaries (the "Jun Qiao Group") 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. Due to the purported transfer of 90% equity of Tong Bai County Yin Di Mining Company Limited ("Yin Di Mining") to Henan Guiyuan Industry Co., Ltd. ("Henan Guiyuan") and related incidents as disclosed in the Company's announcements dated 15 January 2017, 22 January 2017 and 1 February 2017 (the "Incidents"), the Company deconsolidated the Yin Di Mining and its subsidiary (collectively, the "De-consolidated Subsidiaries"). As a matter of prudent treatment, the Bonds were classified as current liabilities. 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 Mining Assets. Jun Qiao is an investment holding company whose principal assets are its investments in the De-consolidated Subsidiaries. The Group had disposed of the entire issued share capital of Jun Qiao (the "Disposal") and the Group ceased its control of Jun Qiao Group upon completion of the Disposal on 25 February 2019.

	As at 31 March 2020	As at 31 March 2019
Current ratio (current assets/current liabilities)	**5.89 times**	8.3 times
Gearing ratio (total liabilities/total assets)	**17%**	12%

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 of the Group 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 2020, the total number of issued ordinary shares of the Company was 6,448,152,160 shares (2019: 6,448,152,160 shares).

ACTUAL USE OF PROCEEDS OF PAST EQUITY FUND-RAISING ACTIVITIES

The Company entered into the subscription agreement with Yunnan Baiyao Holdings Co., Ltd ("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 (the "2018 Share Subscription") at the subscription price of HK$0.18 per share. The 2018 Share Subscription was completed on 22 November 2018, raising gross proceeds and net proceeds in the amounts of approximately HK$180.0 million and HK$178.8 million, respectively.

At the time of 2018 Share Subscription, the Company intended to apply the net proceeds: (a) as to approximately HK$40.0 million for the Group's trading business in China; (b) as to approximately HK$40.0 million for the Group's trading business 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$5.0 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.

The proceeds of the 2018 Share Subscription were fully utilized for their originally intended uses during the year ended 31 March 2020.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period for the year are set out in note 14 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 March 2020, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group had no material capital commitments (2018/2019: nil).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group had no material contingent liabilities (2018/2019: nil).

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.

COMMODITY PRICE RISK

The price of commodity products is influenced by international and domestic market prices and changes in global supply and demand for such products. Both the international and domestic market price of commodities 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 revenue and comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and price arrangements to hedge the risk of volatility of commodity prices.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2020, the Group had 29 employees (2018/2019: 27 employees). For the year ended 31 March 2020, the total salaries, commissions, incentives and all other staff related costs amounted to approximately to HK$15.7 million (2018/2019: HK$14.7 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

For the year ended 31 March 2020, the Group did not have any significant investments, acquisitions or disposals.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2020, 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 2020, the Group continued to make new loans or renew matured loans with existing customers. Loan renewals had the benefits of deeper understanding of customer background and repayment records, and streamlined procedures on legal documentation and approval process. The management is of the view that the money lending segment will continue to provide 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

In previous years, the trading segment of the Group successfully diversified its trading goods categories from refined edible oil and sugar to cosmetic and personal care products. This year, through the business network of our suppliers and customers of cosmetics and personal care products, the Group became aware of the worldwide trend of the deregulation and the legalized uses of CBD is on an uptrend, the Group commenced its international trading business of CBD isolate. Due to the familiarity of the Group with suppliers and customers of cosmetics and personal care products, our sales were initially targeted for brand owners and manufacturers of non-medicine personal care products.

As a natural progression from the Group's international trading business of CBD isolate, the Company has accumulated relevant experience and knowledge to enter the whole industry chain of hemp covering the upstream, midstream and downstream production cycles and ranging from cultivation, extraction, mass production, testing, product development of medical and non-medical uses, and the research and development of cultivation and extraction technologies. In order to finance the Company's ongoing expansion and diversification of its business, including diversification and further expansion of the trading segment, by introduction of new products such as hemp and CBD related business as well as the money lending business, the Company entered into a subscription agreement with Yunnan Baiyao Group in relation to the issue of convertible bonds in the principal amount of HK$730 million (the "**Convertible Bonds**"). Further details of the subscription were set out in the Company's announcement dated 14 October 2019, 4 November 2019, 18 November 2019, 2 December 2019, 16 December 2019, 31 December 2019, 31 January 2020, 14 February 2020, 28 February 2020, 31 March 2020, 3 May 2020. As at the date of this announcement, the Company is in the process of preparing and finalising the circular in respect of the Convertible Bonds.

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 Corporate Governance Code (the "CG 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

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 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 2020, the Company held one annual general meeting on 27 September 2019 (the "2019 AGM"). Certain non-executive Director and independent non-executive Directors were unable to attend the 2019 AGM 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 2020, 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 comprises 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 2020.

NOMINATION COMMITTEE

The Nomination 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. Wang Minghui *(Chairman)* and Mr. Chow Wang 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 2020.

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 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. Having made specific enquiry, 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 2020 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
Deputy Chairman & Chief Executive Officer

Hong Kong, 29 June 2020

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

Executive Directors:
Mr. Wang Minghui *(Chairman)*
Mr. Chow Wang *(Deputy Chairman & Chief Executive Officer)*
Mr. Yin Pinyao
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