萬隆控股集團有限公司
Ban Loong Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board of directors (the "Board") of Ban Loong Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2018, together with selected explanatory notes and comparative figures for the corresponding period in last year as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Notes	**For the six months ended 30 September 2018 *HK$* (unaudited)**	For the six months ended 30 September 2017 *HK$* (unaudited)
Revenue	*4*	**330,030,786**	351,455,944
Cost of sales		**(287,811,952)**	(325,694,805)
Gross profit		**42,218,834**	25,761,139
Other income and gain		**881,306**	37,918
Share of result of an associate		**(119,842)**	–
Selling and distribution expenses		**(618,737)**	(503,790)
General and administrative expenses		**(17,964,466)**	(15,516,097)
Finance costs	*5*	**(2,325,000)**	(2,325,006)
Profit before tax	*6*	**22,072,095**	7,454,164
Income tax expenses	*7*	**(3,495,229)**	(2,028,380)
Profit for the period		**18,576,866**	5,425,784

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2018 (Continued)

	Notes	For the six months ended 30 September 2018 HK$ (unaudited)	For the six months ended 30 September 2017 HK$ (unaudited)
Other comprehensive (expense)/income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operation		**(16,418,000)**	4,265,908
Total comprehensive income for the period		**2,158,866**	9,691,692
Profit/(loss) for the period attributable to:			
Owners of the Company		**18,581,972**	5,430,872
Non-controlling interests		**(5,106)**	(5,088)
		18,576,866	5,425,784
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**2,163,972**	9,696,780
Non-controlling interests		**(5,106)**	(5,088)
		2,158,866	9,691,692
Earnings per share	*8*		
– Basic and diluted (HK cents)		**0.34**	0.12

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	As at 30 September 2018 HK$ (unaudited)	As at 31 March 2018 HK$ (audited)
Non-current assets			
Property, plant and equipment	*10*	**4,297,735**	4,073,539
Interest in an associate		**438,961**	558,803
Loan receivable	*12*	**924,167**	1,019,488
Deferred tax asset		**209,642**	209,642
		5,870,505	5,861,472
Current assets			
Trade receivables	*11*	**52,408,743**	29,280,334
Loan and interest receivables	*12*	**422,901,943**	358,909,116
Other receivables, deposits and prepayments	*13*	**195,085,332**	198,195,178
Tax recoverable		**–**	1,414,296
Bank balances and cash		**19,676,157**	144,042,321
		690,072,175	731,841,245
Current liabilities			
Trade and other payables	*14*	**63,000,014**	109,100,093
Amounts due to non-controlling shareholders of subsidiaries		**4,375,651**	4,375,651
Tax payable		**1,784,479**	3,303
Bonds		**68,029,000**	67,629,000
		137,189,144	181,108,047
Net current assets		**552,883,031**	550,733,198
Total assets less current liabilities		**558,753,536**	556,594,670

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018 (Continued)

	Notes	**As at 30 September 2018** *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Capital and reserves			
Share capital	*15*	**54,481,522**	54,481,522
Reserves		**503,814,371**	501,650,399
Equity attributable to owners of the Company		**558,295,893**	556,131,921
Non-controlling interests		**457,643**	462,749
Total equity		**558,753,536**	556,594,670

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company							
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2018 (audited)	**54,481,522**	**819,478,817**	**176,000**	**11,855,407**	**(329,859,825)**	**556,131,921**	**462,749**	**556,594,670**
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**18,581,972**	**18,581,972**	**(5,106)**	**18,576,866**
Other comprehensive expense for the period:								
Exchange differences arising on translating foreign operation	**-**	**-**	**-**	**(16,418,000)**	**-**	**(16,418,000)**	**-**	**(16,418,000)**
Total comprehensive (expense)/ income for the period	**-**	**-**	**-**	**(16,418,000)**	**18,581,972**	**2,163,972**	**(5,106)**	**2,158,866**
At 30 September 2018 (unaudited)	**54,481,522**	**819,478,817**	**176,000**	**(4,562,593)**	**(311,277,853)**	**558,295,893**	**457,643**	**558,753,536**
At 1 April 2017 (audited)	45,401,268	628,793,491	176,000	(1,248,017)	(328,394,090)	344,728,652	(406,254)	344,322,398
Profit/(loss) for the period	–	–	–	–	5,430,872	5,430,872	(5,088)	5,425,784
Other comprehensive income for the period:								
Exchange differences arising on translating foreign operation	–	–	–	4,265,908	–	4,265,908	–	4,265,908
Total comprehensive income/ (expense) for the period	–	–	–	4,265,908	5,430,872	9,696,780	(5,088)	9,691,692
Incorporation of a subsidiary	–	–	–	–	–	–	928,800	928,800
At 30 September 2017 (unaudited)	45,401,268	628,793,491	176,000	3,017,891	(322,963,218)	354,425,432	517,458	354,942,890

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2018

1. GENERAL INFORMATION

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

The principal activity of the Company is an investment holding company. The Company's subsidiaries (which together with the Company are collectively referred to as the "Group") are principally engaged in money lending business and trading of goods and commodities. The mining operation was de-consolidated from the Group with effect from 1 April 2016.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared in accordance with the applicable disclosure provision of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standards ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPLE OF ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 31 March 2018 for the preparation of the Group's condensed consolidated financial statements:

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

The new and amendments to 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.

(a) *Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"*

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

- Interest income earned from money lending business

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. Difference at the date of initial application, if any, is recognised in the opening accumulated losses and comparative information has not been restated.

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The revenue of the Group is recognised at a point in time. The application of HKFRS 15 does not have significant impact on the amounts reported in the condensed consolidated financial statements.

(b) Impacts and changes in accounting policies of application of HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 "Financial Instruments" 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 ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) 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".

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables and loan receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are made based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost mainly comprise of loan receivables, and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, no additional credit loss allowance has been recognised in the condensed consolidated financial statements.

New and revised HKFRS in issue but not yet effect

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 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 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests 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. REVENUE AND SEGMENT INFORMATION

Information reported to the directors of the Company (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;

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

(iii) Mining operations segment engages in sale of mineral products and leasing of mining right, exploration rights and related assets.

Due to obstructions faced by the Company in exercising control over, and gathering information and documents regarding the Tong Bai County Yin Di Mining Company Limited and its subsidiary (the "De-consolidated Subsidiaries"), the Company regarded that it has lost control over the De-consolidated Subsidiaries. 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, existence and accuracy of the segment information on mining operations of the Company for the six months ended 30 September 2018 and 2017 and as at 30 September 2018 and 31 March 2018, as of the date of approval of the unaudited condensed consolidated financial statements.

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 six months ended 30 September 2018

	Money lending	**Trading**	**Mining operations**	**Total**
	HK$	***HK$***	***HK$***	***HK$***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Revenue	**34,171,611**	**295,859,175**	**–**	**330,030,786**
Gross profit	**34,171,611**	**8,047,223**	**–**	**42,218,834**
Segment profit	**33,068,055**	**2,752,777**	**–**	**35,820,832**
Unallocated corporate expenses				**(11,423,737)**
Finance costs				**(2,325,000)**
Profit before tax				**22,072,095**

For the six months ended 30 September 2017

	Money lending	Trading	Mining operations	Total
	HK$	*HK$*	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	20,524,011	330,931,933	–	351,455,944
Gross profit	20,524,011	5,237,128	–	25,761,139
Segment profit	18,427,113	706,829	–	19,133,942
Unallocated corporate income and gain				23,825
Unallocated corporate expenses				(9,378,597)
Finance costs				(2,325,006)
Profit before tax				7,454,164

Segment profit before tax represents the profit earned from each segment without allocation of directors' salaries, certain bank interest income, 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 resources 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:

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Segment assets		
Money lending	**431,316,273**	379,878,650
Trading	**251,922,140**	275,173,080
Unallocated corporate assets	**12,704,267**	82,650,987
Consolidated assets	**695,942,680**	737,702,717

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Segment liabilities		
Money lending	**1,742,581**	925,453
Trading	**49,812,554**	94,166,102
Unallocated corporate liabilities	**85,634,009**	86,016,492
Consolidate liabilities	**137,189,144**	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, interest 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 and bonds which are managed on a group basis.

5. FINANCE COSTS

	For the six months ended 30 September 2018	For the six months ended 30 September 2017
	HK$	*HK$*
	(unaudited)	(unaudited)
Effective interest expense on bonds	**2,325,000**	2,325,000
Others	**–**	6
	2,325,000	2,325,006

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	For the six months ended 30 September 2018	For the six months ended 30 September 2017
	HK$	*HK$*
	(unaudited)	(unaudited)
Cost of inventories recognised as expense	**287,811,952**	325,694,805
Depreciation of property, plant and equipment	**751,665**	707,932
Minimum lease payment under operating leases in respect of land and buildings	**2,314,776**	2,276,998

7. INCOME TAX EXPENSES

	For the six months ended 30 September 2018	For the six months ended 30 September 2017
	HK$	*HK$*
	(unaudited)	(unaudited)
Current tax:		
– The People's Republic of China Enterprises Income Tax	**299,757**	–
– Hong Kong Profits Tax	**3,195,472**	2,060,381
	3,495,229	2,060,381
Deferred tax	**–**	(32,001)
	3,495,229	2,028,380

(a) Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for the six months ended 30 September 2018.

(b) Under the Law of the PRC on the EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8. EARNINGS PER SHARE

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

	For the six months ended 30 September 2018	For the six months ended 30 September 2017
	HK$	*HK$*
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**18,581,972**	5,430,872
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,448,152,160**	4,540,126,800

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2018 and 2017, nor has any dividend been proposed since the end of the reporting periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment with a cost of HK$906,773 (six months ended 30 September 2017: HK$332,028).

11. TRADE RECEIVABLES

	As at 30 September 2018	As at 31 March 2018
	HK$	*HK$*
	(unaudited)	(audited)
Trade receivables	**52,408,743**	29,280,334

Trade receivables in relation to trading of goods and commodities are having an average credit period of 90 days (31 March 2018: 90 days).

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

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
0–3 months	**52,408,743**	29,280,334

12. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Loan receivables		
Secured	**17,106,976**	39,187,274
Unsecured	**400,300,000**	318,500,000
	417,406,976	357,687,274
Interest receivables	**6,419,134**	2,241,330
	423,826,110	359,928,604

The maturity profile of the loan receivables at the end of the reporting period, analysed by the maturity date, is as follows:

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Within one year	**416,482,809**	356,667,786
Two to five years	**924,167**	1,019,488
	417,406,976	357,687,274
Carrying amount analysed for reporting purpose		
Current assets	**422,901,943**	358,909,116
Non-current assets	**924,167**	1,019,488
	423,826,110	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 60 days to 5 year (31 March 2018: 45 days to 5 year). The loans provided to customers bore fixed interest rate ranging from 1%–2.4% per month (31 March 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.

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Within 90 days	**125,832,940**	198,928,604
91–180 days	**205,473,682**	108,000,000
181–365 days	**92,519,488**	53,000,000
	423,826,110	359,928,604

The Group's financing advances to customers included in the loan receivables are due as of the due dates specified in respective loan agreements.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Other receivables	**49,709,307**	41,311,833
Deposit	**31,868,738**	960,515
Prepayments	**113,507,287**	155,922,830
	195,085,332	198,195,178

14. TRADE AND OTHER PAYABLES

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Trade payable	**20,048**	899,821
Receipt in advance	**–**	88,771,002
Other payables and accrued charges	**13,295,348**	19,429,270
Contract liabilities	**49,684,618**	–
	63,000,014	109,100,093

15. SHARE CAPITAL

	No. of shares	**Amount** *HK$*
Authorised:		
Ordinary shares of HK$0.01 each	20,000,000,000	200,000,000
As at 1 April 2018 (audited) and 30 September 2018 (unaudited)	**5,448,152,160**	**54,481,522**

16. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the current interim period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 September 2018 *HK$* **(unaudited)**	As at 31 March 2018 *HK$* (audited)
Within one year	**3,519,678**	2,463,657
In the second to fifth years inclusive	**4,674,033**	–
	8,193,711	2,463,657

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for terms ranging from 1 to 3 years. Rentals were fixed at the inception of the leases.

17. RELATED PARTY TRANSACTIONS

Key management compensation amounted to HK$1,884,000 for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$1,857,000).

18. EVENTS AFTER THE REPORTING PERIOD

The Company has entered into the subscription agreement with Yunnan Baiyao Holdings Company Limited ("Yunnan Baiyao Holdings") on 20 August 2018, pursuant to which the Company has conditionally agreed to issue and allot, and Yunnan Baiyao Holdings has conditionally agreed to subscribe for 1,000,000,000 shares (the "Subscription Shares"), subject to the fulfillment of the conditions precedent set out in the subscription agreement, at the subscription price of HK$0.18 per Subscription Share (the "Subscription"). The gross proceeds and net proceeds from the Subscription amounted to approximately HK$180 million and HK$178.8 million, respectively. The Company intends 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.

The Subscription was subsequently completed on 22 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The financial results of Ban Loong Holdings Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 30 September 2018 were highlighted as follows:

- Revenue during the six months ended 30 September 2018 was approximately HK$330.0 million, representing a decrease of approximately 6.1% from approximately HK$351.5 million in the interim period last year. The decrease was mainly attributable to the combined effect of (i) the increase in income from the money lending segment due to the increase in demand of loans from borrowers and the increase in the size of the fund and thereby the lending ability of the Group; and (ii) decrease in income from trading segment due to the impact of trade war and fluctuation of exchange rate of Renminbi.

- Gross profit amounted to approximately HK$42.2 million during the six months ended 30 September 2018, representing an increase of 63.9% from approximately HK$25.8 million in the interim period last year. Gross profit margin was 12.8% in the current interim period, compared with the gross profit margin of 7.3% in the previous interim period. Gross profit margin was a weighted average figure of all active operating segments. The Group's money lending segment with high gross profit margin was the main contributor of gross profit during the six months ended 30 September 2018. The overall margin was, however, diluted by the trading segment where the gross profit margin was thinner.

- Profit of the Group for the six months ended 30 September 2018 increased to approximately HK$18.6 million, representing an increase of approximately 242.4% from approximately HK$5.4 million in the interim period last year. The profit in the current interim period was 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 the note 4 of the notes to the unaudited condensed consolidated financial statements.

INTERIM DIVIDEND

The Board did not propose an interim dividend for the six months ended 30 September 2018 (2017: Nil).

BUSINESS REVIEW

During the six months ended 30 September 2018, the Group's operations are divided into three identifiable business segments, namely, the money lending segment, the trading segment and the mining operations 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, of which the segment was deconsolidated during the year ended 31 March 2017, refers to the exploration and exploitation of mineral resources in China conducted by Jun Qiao Limited ("Jun Qiao") and its subsidiaries (the "Jun Qiao Group").

The 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 loan applicants to provide adequate security and/or guarantee before approving a loan application. Generally speaking, borrowers would be requested to pay interest monthly, in order to facilitate the management's continual monitoring of the financial stability of borrowers.

During the six months ended 30 September 2018, the business performance of the money lending segment was summarized below:

– Aggregate amount of lending	HK$133.6 million (2017: HK$111.7 million)
– Total number of lending	17 (2017: 17)
– Range of effective annual percentage rate ("APR")	12%-28.8% (2017: 12.7%-42.6%)
– Weighted average APR	17.43% (2017: 21%)

During the six months ended 30 September 2018, revenue generated from the segment, contributed essentially by interest received and accrued, increased from approximately HK$20.5 million in previous interim period to approximately HK$34.2 million.

Trading segment

Wan Long Xing Ye carried out trading of goods and commodities business in China. During the six months ended 30 September 2018, Wan Long Xing Ye mainly engaged in the trading of refined edible oil. During the six months ended 30 September 2018, trading revenue amounted to approximately HK$271.3 million (2017: HK$330.9 million), with trading of 49,567 tonnages (2017: 52,854 tonnages) of refined edible oil being completed.

Wan Long Xing Ye HK started carrying out trading of goods and commodities business in Hong Kong since November 2017. Trading revenue amounted to approximately HK$24.5 million (2017: Nil), with trading of 275,902 units of cosmetic products being completed.

The mining operations segment

The mining operations of the Group is owned by Jun Qiao, a company incorporated in the British Virgin Islands with limited liability and a 60%-owned subsidiary of the Company. Jun Qiao owns 100% of the issued share capital of Xing Hua Yuan Investment Group Limited (興華源投資集團有限公司) ("Xing Hua Yuan", a limited liability company incorporated in Hong Kong), which in turn owns 90% of the equity interest in Zhengzhou Jinfuyuan Mining Company Limited ("Jinfuyuan Mining"), a sino-foreign equity joint venture established in the People's Republic of China (the "PRC"). Prior to the de-consolidation, Jinfuyuan Mining owned 90% of the equity interest in Yin Di Mining, a limited liability company established in the PRC. Based on the information available to the Company prior to the de-consolidation, Yin Di Mining owned (a) the other 10% equity interest in Jinfuyuan Mining; (b) a mining license covering Yin Di Mining Area (銀地礦區) with an area of approximately 1.81 square kilometers situated at Tongbai County, Henan Province, the PRC; and (c) 95% of the equity interest in Xinjiang Xin Jiang Yuan Mining Company Limited ("Xin Jiang Yuan"), a limited liability company established in the PRC, which in turn owns an exploration license which covers Hu Lei Si De Mining Area (呼勒斯德礦區) with an area of approximately 29.12 square kilometers situated at Qi Tai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區), the PRC.

Reference are made to the Company's announcements dated 15 January 2017, 22 January 2017, 1 February 2017, 31 May 2018 and 27 July 2018 (the "Mining Litigation Announcements") and the Company's annual report for the year ended 31 March 2017 (the "2017 Annual Report") and 2018 (the "2018 Annual Report"). Unless the context otherwise requires, capitalized terms used in this section shall have the same meanings as defined in the Mining Litigation Announcements, the 2017 Annual Report and 2018 Annual Report.

In January 2017, the Company was informed by Yin Di Mining's management that judgments, rulings and enforcement orders were entered into pursuant to which the Mining License owned by Yin Di Mining and the 90% equity holding in Yin Di Mining held by Jinfuyuan Mining were frozen. Due to the obstacles faced by the Group in exercising control over and gathering information and documents regarding the Mining Segment, the Group regards that it has lost control over the entire operations of the Mining Segment and all the Mining Assets since then.

The Group commenced civil actions seeking to recover the 90% equity interest of Yin Di Mining, and filed criminal complaints against any person(s)/entity(ies) who are suspected to have conducted unlawful activities in relation to the Purported Transfer. The criminal case was accepted by the Public Security Bureau on 26 January 2017.

On 28 September 2017, the re-trial application made by the Company was accepted by the Henan High People's Court, P.R. China ("Henan High Court") in relation to the Second Civil Judgment and Enforcement Order (the "Re-trial Application"). Subsequent to 31 March 2018, the Henan High Court rendered a ruling dated 14 May 2018 that the Retrial Application of the Group be rejected. The Group is seeking opinion from its PRC legal advisers and intends to make an appeal or review application on the Second Civil Judgment. The Company will make all lawful efforts to protect and uphold its rights and interests.

GENERAL AND ADMINISTRATIVE EXPENSES

During the six months ended 30 September 2018, the Group's general and administrative expenses (which mainly comprises legal and professional fees, salaries, directors' fees and office rentals) amounted to approximately HK$18.0 million (2017: HK$15.5 million), which were 15.8% higher than that in previous interim period principally due to the increased operating costs including staff cost and professional fee as a result of the increase in size of the Group's business during the current period as compared with that in previous interim period.

FINANCE COSTS

Finance costs of approximately HK$2.3 million almost the same as previous interim period. The finance costs were mainly due to interest incurred on bonds issued in previous years.

INCOME TAX EXPENSES

During the six months ended 30 September 2018, income tax expenses amounting to approximately HK$3.5 million (2017: HK$2.0 million) were incurred. The increase in the income tax expenses is principally due to the increase of profit generated from the money lending segment during the current interim period.

EARNINGS PER SHARE

During the six months ended 30 September 2018, the basic and diluted earnings per share amounted to 0.34 HK cents, which from 0.12 HK cents in the previous interim period.

TRADE RECEIVABLES

The Group's trade receivables as at 30 September 2018 amounted to approximately HK$52.4 million which represented an increase of approximately HK$23.1 million as comparing with the trade receivables of approximately HK$29.3 million as at 31 March 2018. The change was mainly due to the fully utilise of the credit period by customers of trading segment during the period. The management did not foresee any recoverability problem as most of the amount has been settled after the period 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 were as follows:

	30 September 2018 *HK$*	31 March 2018 *HK$*
Other receivables	**49,709,307**	41,311,833
Deposits	**31,868,738**	960,515
Prepayment	**113,507,287**	155,922,830
	195,085,332	198,195,178

The other receivables included advances to suppliers and potential suppliers who are independent third parties in the amount of HK$30,736,341 (31 March 2018: HK$35,354,445), of which HK$30,689,511 was either used for prepayment of the Group's orders or refunded in full to the Company (without interest) 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$556.6 million to approximately HK$558.8 million. Total assets decreased by 6% to approximately HK$695.9 million mainly due to the foreign exchange loss recorded during the period. Net assets increased by 0.4% from approximately HK$556.6 million to approximately HK$558.8 million primarily due to the total comprehensive income recorded during the period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, the Group's cash and cash equivalents amounted to approximately HK$19.7 million (31 March 2018: HK$144.0 million).

As at 30 September 2018, 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. 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. Due to the purported transfer of 90% equity of Yin Di Mining to 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 De-consolidated Subsidiaries. As a matter of prudent treatment, the Bonds were classified as current liabilities. The Company is seeking opinion from its PRC legal advisers and intends to make all lawful efforts to protect and uphold its rights and interests.

	As at 30 September 2018	As at 31 March 2018
Current ratio (current assets/current liabilities)	**5.0 times**	4.0 times
Gearing ratio (total liabilities/total assets)	**20%**	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 30 September 2018, the total number of issued ordinary shares of the Company was 5,448,152,160 shares (31 March 2018: 5,448,152,160 shares).

The Company has entered into the subscription agreement with Yunnan Baiyao Holdings Company Limited ("Yunnan Baiyao Holdings") on 20 August 2018, pursuant to which the Company has conditionally agreed to issue and allot, and Yunnan Baiyao Holdings has conditionally agreed to subscribe for, 1,000,000,000 shares (the "Subscription Shares"), subject to the fulfillment of the conditions precedent set out in the subscription agreement, at the subscription price of HK$0.18 per Subscription Share. The Subscription was completed on 22 November 2018.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period for the period are set out in note 18 to the condensed consolidated financial statements.

PLEDGE OF ASSETS

As at 30 September 2018, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

As at 30 September 2018, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 30 September 2018, 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.

COMMODITY PRICE RISK

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

EMPLOYEE REMUNERATION POLICY

As at 30 September 2018, the Group had 26 employees (31 March 2018: 27 employees). For the six months ended 30 September 2018, the total salaries, commissions, incentives and all other staff related costs amounted to approximately to HK$6.1 million (2017: HK$4.1 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

For the six months ended 30 September 2018, the Group did not have any significant investments, acquisitions or disposals.

PROSPECTS

Money lending business

During and subsequent to the six months ended 30 September 2018, the money lending business of the Group continued to grow and continue to contribute a constant cash inflow to the Group.

On 26 September 2018, the U.S. Federal Reserve raised interest rates for 0.25 per cent and dropped the wording of the accommodative monetary policy for United States Dollars. On 27 September 2018 (Hong Kong time), major commercial banks in Hong Kong announced increases in Hong Kong Dollars prime rates for the first time in twelve years. In response to this market change, the Group plans to maintain the overall loan portfolio size at the current level.

Based on the current market information available to the Company, the management is not currently aware of any direct impact on the credit and risk exposure of the Company's loan portfolio or the business outlook and long-term prospect of the money lending business of the Group as a result of the recent interest rate hike and change of monetary policy. The Company will continue to take a pragmatic approach in its money lending business to accommodate the ever-changing money supply market and to counteract market challenges from time to time.

Despite the planned slow down of expansion pace of the Company's money lending segment, 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 six months ended 30 September 2018, the trading segment of the Group successfully diversified its trading goods categories from refined edible oil to cosmetic products.

Wan Long Xing Ye is the flagship company of the Group in the PRC which engages in the domestic trading of refined edible oil in the PRC. Wan Long Xing Ye HK engaged in domestic trading of cosmetic products in Hong Kong. The Group will continue to explore business opportunities in China and Hong Kong with the view to further broaden its product range and scope of services, improve profit margin and minimise product concentration risks.

The management has planned 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.

The mining operations

Due to the obstructions faced by the Company in exercising control over, and gathering information and documents regarding, the De-consolidated Subsidiaries, the Company regards that it has lost control over the De-consolidated Subsidiaries. The Company commenced civil actions seeking to recover the 90% equity interest of Yin Di Mining, and filed criminal complaints against any person(s)/entity(ies) who are suspected to have conducted unlawful activities in relation to the Purported Transfer.

Before the de-consolidation, the scale of the Group's mining operations is considered small and limited. The Group can only be a market follower, and has no influence on the market price and sales of ores and ores concentrates in the local market.

The Group had made the Re-trial Application on 28 September 2017. Subsequent to the end of the reporting period, Henan High Court rendered a ruling dated 14 May 2018 that the Re-trial Application was rejected. The Group is seeking opinion from its PRC legal advisers and intended to make an appeal or review application on the Second Civil Judgment. The Group will make all lawful efforts to protect and uphold its rights and interests.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code Provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange during the six months ended 30 September 2018 subject to the following disclosure:

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 chairman of the Board and chief executive of the Company 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 the appropriate time.

Code Provision A.4.1

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

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors ("INEDs") and other non-executive directors ("NEDs") should attend general meeting. There was only two INEDs attended the annual general meeting of the Company held on 28 September 2018 (the "2018 AGM") and one NED and one INED were unable to attend the 2018 AGM due to their other business engagements.

Recommended Best Practice C.2.6

The management regularly assessed the effectiveness of the Company's risk management and internal control systems. In this regard, the Group has engaged external consultants to conduct a review on the risk management and internal control systems of the Group, covering operational procedures and including recommendations for improvement and strengthening of the risk management system and internal control systems of the Group. In addition, the Group has put in place risk management framework, policies and procedures to identify, assess, manage, control and report risks including strategic, credit, operational (administrative, system, human resources, tangible and reputable), market, liquidity, legal and regulatory risks. Further, the Group has established policies and procedures regarding the publication of inside information setting out the guiding principles, procedures and internal controls for the handling and dissemination of price-sensitive information in a timely manner.

The Company acknowledged that it is the Board's responsibility to maintain risk management and internal control systems and to review their effectiveness, such systems being designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Recommended Best Practice C.2.7

Reference is made to the Company's announcements dated 15 January 2017, 1 February 2017, 31 May 2018 and 27 July 2018 regarding the Incidents in relation to the First Civil Ruling, the Second Civil Judgment, the Enforcement Order, the Purported Transfer, the deconsolidation of the De-consolidated Subsidiaries, the Re-trial Application and its rejection. Unless the context otherwise requires, capitalized terms used in this paragraph shall have the same meanings as defined in the said announcements.

Following the revelation of the Incidents, the management reviewed its risk management and internal control systems, particularly those relating to company seal and chop usage. Based on the management's review, the Board came to the conclusion that the Incident was related to the integrity of individual ex-officer of the Group and of one-off nature, carrying no indication of systematic failings and thereby bearing no apparent relationship with the effectiveness of the Company's internal control systems.

The Company is of the view that it has put in place internal control systems to safeguard its assets, including keeping proper control over official seals of the Group. The Company is of the view that there is no need to put in place any internal policy for handling obsolete or lost company seals, as the making of new company seals and the invalidating of obsolete or lost company seals are strictly governed by PRC law. In this regard, the Company is of the view that it has complied, and will continue to comply, with the applicable laws and regulations regarding the lost or obsolete official seals as required by PRC law.

SHARE OPTION SCHEME

The share option scheme of the Company was adopted on 30 September 2013 (the "Option Scheme"). Pursuant to the 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 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 Option Scheme.

BOARD DIVERSITY POLICY

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely Ms. Wong Chui San, Susan (Chairman), Mr. Leung Ka Kui, Johnny and Mr. Jiang Zhi. The Group's unaudited accounts for the six months ended 30 September 2018 have been reviewed by the Audit Committee of the Company.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) as well as the website of the Company (http://www.0030hk.com). The 2018 interim report will be despatched to shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 29 November 2018

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