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萬隆控股集團有限公司

Ban Loong Holdings Limited

*(formerly known as ABC Communications (Holdings) Limited)*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 30)**

## **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

The board of directors (the “Board”) of Ban Loong Holdings Limited (formerly known as ABC Communications (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 2015, together with selected explanatory notes and comparative figures for the corresponding period in last year as follows:

### **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 September 2015*

		<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>69,013,552</b>	68,278,836
Prepaid lease payments		<b>1,319,468</b>	1,426,040
Intangible assets	6	<b>333,418,783</b>	351,189,399
Prepayments for exploration and evaluation activities		<b>13,011,042</b>	13,521,090
Prepayment for purchase of property, plant and equipment		—	1,274,000
Available-for-sale investment		<b>60,000,000</b>	60,000,000
		<b>476,762,845</b>	495,689,365

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015 (Continued)

	Notes	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
<b>Current assets</b>			
Inventories		35,885	–
Trade receivables	7	2,598,470	3,572,971
Loan receivables	8	4,816,800	–
Other receivables, deposits and prepayments	9	39,958,221	8,184,405
Held for trading investment		16,120	12,948
Bank balances and cash		115,894,300	97,858,042
		<b>163,319,796</b>	<b>109,628,366</b>
<b>Current liabilities</b>			
Trade and other payables	10	53,744,499	22,402,614
Bank borrowing	11	6,811,206	7,078,213
Advance subscriptions and licence fees received		2,217,689	2,162,767
Amounts due to non-controlling shareholders of subsidiaries		6,906,595	5,045,836
Tax payable		2,652,041	2,220,401
		<b>72,332,030</b>	<b>38,909,831</b>
<b>Net current assets</b>		<b>90,987,766</b>	<b>70,718,535</b>
<b>Total assets less current liabilities</b>		<b>567,750,611</b>	<b>566,407,900</b>
<b>Non-current liabilities</b>			
Provision for reinstatement costs		766,584	796,635
Bonds	12	65,629,000	65,229,000
Deferred tax liabilities		74,258,036	77,169,039
		<b>140,653,620</b>	<b>143,194,674</b>
<b>Net assets</b>		<b>427,096,991</b>	<b>423,213,226</b>
<b>Capital and reserves</b>			
Share capital	13	22,005,532	19,864,152
Reserves		286,198,722	276,923,929
Equity attributable to owners of the Company		308,204,254	296,788,081
Non-controlling interests		118,892,737	126,425,145
<b>Total equity</b>		<b>427,096,991</b>	<b>423,213,226</b>

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

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
	Notes	HK\$	HK\$
		(Unaudited)	(Unaudited)
Revenue	4	30,412,985	27,934,335
Cost of sales		(21,592,054)	(21,415,841)
Gross profit		8,820,931	6,518,494
Other income and gain		508,881	218,930
Increase in fair value of held for trading investment		3,172	–
Amortisation of intangible assets		(4,660,647)	(5,395,243)
Selling and distribution expenses		(913,187)	(1,286,179)
General and administrative expenses		(22,381,490)	(22,649,656)
Finance costs	14	(2,990,578)	(2,074,106)
Loss before tax	15	(21,612,918)	(24,667,760)
Income tax	16	(530,817)	–
Loss for the period		(22,143,735)	(24,667,760)
<b>Other comprehensive (loss) income for the period</b>			
<i>Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of foreign operations		(14,036,729)	1,770,292
Total comprehensive loss for the period		(36,180,464)	(22,897,468)

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

For the six months ended 30 September 2015 (Continued)

	Six months ended 30 September	
	2015	2014
Note	HK\$	HK\$
	(Unaudited)	(Unaudited)
<b>Loss for the period attributable to:</b>		
Owners of the Company	(19,468,961)	(20,400,486)
Non-controlling interests	<u>(2,674,774)</u>	<u>(4,267,274)</u>
	<u><b>(22,143,735)</b></u>	<u><b>(24,667,760)</b></u>
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	(28,648,056)	(19,435,787)
Non-controlling interests	<u>(7,532,408)</u>	<u>(3,461,681)</u>
	<u><b>(36,180,464)</b></u>	<u><b>(22,897,468)</b></u>
<b>Loss per share</b>	17	
Basic and diluted	<u><b>(0.98) HK cents</b></u>	<u><b>(1.23) HK cents</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Sub-total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2015 (audited)	19,864,152	381,591,395	176,000	11,764,157	(116,607,623)	296,788,081	126,425,145	423,213,226
Loss for the period	-	-	-	-	(19,468,961)	(19,468,961)	(2,674,774)	(22,143,735)
Other comprehensive loss for the period	-	-	-	(9,179,095)	-	(9,179,095)	(4,857,634)	(14,036,729)
Total comprehensive loss for the period	-	-	-	(9,179,095)	(19,468,961)	(28,648,056)	(7,532,408)	(36,180,464)
Issue of shares on placing (note 13)	2,141,380	38,330,702	-	-	-	40,472,082	-	40,472,082
Transaction cost attributable to issue of shares on placing	-	(407,853)	-	-	-	(407,853)	-	(407,853)
At 30 September 2015 (unaudited)	<u>22,005,532</u>	<u>419,514,244</u>	<u>176,000</u>	<u>2,585,062</u>	<u>(136,076,584)</u>	<u>308,204,254</u>	<u>118,892,737</u>	<u>427,096,991</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015 (Continued)

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Sub-total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2014 (audited)	16,553,472	347,826,449	176,000	9,757,369	(34,315,895)	339,997,395	120,977,228	460,974,623
Loss for the period	-	-	-	-	(20,400,486)	(20,400,486)	(4,267,274)	(24,667,760)
Other comprehensive income for the period	-	-	-	964,699	-	964,699	805,593	1,770,292
Total comprehensive income (loss) for the period	-	-	-	964,699	(20,400,486)	(19,435,787)	(3,461,681)	(22,897,468)
Acquisition of subsidiaries accounted for as assets acquisition (note 20)	-	-	-	-	-	-	40,000,000	40,000,000
At 30 September 2014 (unaudited)	16,553,472	347,826,449	176,000	10,722,068	(54,716,381)	320,561,608	157,515,547	478,077,155

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK\$	HK\$
	(Unaudited)	(Restated and unaudited)
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	<u>(16,027,938)</u>	<u>(30,708,963)</u>
<b>Cash flows from investing activities</b>		
Loans advanced to independent third parties	–	(7,733,310)
Loans advanced from independent third parties	–	1,407,140
Repayment of amount due to an independent third party	(1,942,460)	–
Deposit received from the disposal of available-for-sale investment	30,000,000	–
Purchase of property, plant and equipment	(3,571,258)	–
Deposit paid for the acquisition of subsidiaries ( <i>note 9</i> )	(29,719,394)	–
Net cash inflow from acquisition of subsidiaries accounted as assets acquisition ( <i>note 20</i> )	–	3,024,144
Interest received	<u>176,601</u>	<u>137,730</u>
Net cash used in investing activities	<u>(5,056,511)</u>	<u>(3,164,296)</u>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015 (Continued)

	Six months ended 30 September	
	2015	2014
	HK\$	HK\$
	(Unaudited)	(Restated and unaudited)
<b>Cash flows from financing activities</b>		
Proceeds from placing of shares	40,472,082	–
Expenses paid for placing of shares	(407,853)	–
Proceeds from issue of bonds	–	40,000,000
Expenses paid for issue of bonds	–	(3,200,000)
Advance from the non-controlling shareholder of a subsidiary	1,886,040	1,221,347
Interest paid	(1,925,000)	(1,710,106)
Net cash from financing activities	40,025,269	36,311,241
Net increase in cash and cash equivalents	18,940,820	2,437,982
Cash and cash equivalents at the beginning of the financial reporting period	97,858,042	40,855,102
Net foreign exchange difference	(904,562)	8,748
<b>Cash and cash equivalents at the end of the financial reporting period, representing bank balances and cash</b>	<b>115,894,300</b>	<b>43,301,832</b>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Ban Loong Holdings Limited (the “Company”) is an investment holding company. The Company’s subsidiaries (together with the Company collectively referred to as the “Group”) are principally engaged in providing financial quotation services and wireless applications development, mining operations, development of encryption technology and products, money lending and trading.

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its 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.

Pursuant to a special resolution passed at the special general meeting of the Company held on 12 August 2015, the name of the Company was changed from “ABC Communications (Holdings) Limited” to “Ban Loong Holdings Limited”.

These condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company.

These condensed consolidated financial statements were approved for issue on 30 November 2015.

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 September 2015 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. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for held for trading investment which is measured at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2015 except as described below.

In the current financial reporting period, the Group has applied, for the first time, the following new amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2015:

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

The application of the above new amendments in the current financial reporting period has had no material effect on the Group's financial performance and positions for the current financial reporting period and prior year and/or on the disclosures set out in these condensed consolidated financial statements.

#### **4. REVENUE AND SEGMENT INFORMATION**

The Group's operating segments are determined based on the information reported to the Board, being the chief operating decision maker, for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided.

The segments are managed separately as each business offers different products/services which requires different products/services information to formulate different business strategies. Specifically, the Group's reportable and operating segments under HKFRS 8 are financial quotation services, mining operations, encryption technology and products, money lending and trading as follows:

- (i) Financial quotation services segment engages in the provision of financial quotation services and wireless applications development.
- (ii) Mining operations segment engages in the extraction, exploration and sale of mineral products and leasing of mining right and reserves, exploration rights and mining structures.
- (iii) Encryption technology and products segment engages in development of an application platform with software relating to cloud computing and quantum direct key encryption and the design, manufacture and distribution of portable devices embedded with such encryption technology.
- (iv) Money lending segment engages in the provision of financing services.
- (v) Trading segment engages in trading of goods and commodities.

During the six months ended 30 September 2015, the Group commenced two new reporting and operating segments, namely, money lending segment and trading segment.

The Group's encryption technology and products segment was introduced during the six months ended 30 September 2014 as a result of the acquisition of POMP International Limited ("POMP") and its subsidiaries (collectively referred to as the "POMP Group") as set out in note 20.

## Segments results

The following tables present revenue and segment (loss) profit before tax regarding the Group's reporting and operating segments for the six months ended 30 September 2015 and 2014, respectively.

	Financial quotation services		Mining operations		Encryption technology and products		Money lending		Trading		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	<u>16,330,294</u>	<u>27,934,335</u>	<u>3,258,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,909</u>	<u>-</u>	<u>10,658,453</u>	<u>-</u>	<u>30,412,985</u>	<u>27,934,335</u>
Gross profit	<u>5,240,834</u>	<u>6,518,494</u>	<u>3,258,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,909</u>	<u>-</u>	<u>155,859</u>	<u>-</u>	<u>8,820,931</u>	<u>6,518,494</u>
Segment (loss) profit before tax	<u>(2,570,414)</u>	<u>(900,295)</u>	<u>2,123,266</u>	<u>(2,717,933)</u>	<u>(5,369,495)</u>	<u>(6,439,700)</u>	<u>(155,520)</u>	<u>-</u>	<u>(53,288)</u>	<u>-</u>	<u>(6,025,451)</u>	<u>(10,057,928)</u>
Unallocated corporate income and gain											132,280	321
Increase in fair value of held for trading investment											3,172	-
Unallocated corporate expenses											(13,397,919)	(12,542,681)
Finance costs											<u>(2,325,000)</u>	<u>(2,067,472)</u>
Loss before tax											<u>(21,612,918)</u>	<u>(24,667,760)</u>

Segment (loss) profit before tax represents the (loss) profit before tax from each segment without allocation of directors' salaries, certain interest income, compensation income from the forfeiture of purchase contract, increase in fair value of held for trading investment, certain general and administrative expenses and certain finance costs. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

The following tables present assets and liabilities of the Group's reporting and operating segments as at 30 September 2015 and 31 March 2015:

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
<b>Segment assets</b>		
Financial quotation services	<b>25,536,089</b>	30,759,170
Mining operations	<b>386,810,178</b>	403,419,711
Encryption technology and products	<b>23,838,910</b>	29,519,952
Money lending	<b>66,927,877</b>	-
Trading	<b>26,465,292</b>	-
Unallocated corporate assets	<b>110,504,295</b>	141,618,898
Consolidated total assets	<b>640,082,641</b>	605,317,731

	<b>30 September</b>	31 March
	<b>2015</b>	2015
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Audited)
<b>Segment liabilities</b>		
Financial quotation services	<b>6,098,839</b>	8,735,938
Mining operations	<b>92,312,596</b>	95,224,225
Encryption technology and products	<b>9,504,587</b>	9,205,599
Money lending	–	–
Trading	<b>6,003,624</b>	–
Unallocated corporate liabilities	<b>99,066,004</b>	68,938,743
	<hr/>	<hr/>
Consolidated total liabilities	<b>212,985,650</b>	182,104,505
	<hr/>	<hr/>

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

## Other segment information

	Financial quotation services HK\$	Mining operations HK\$	Encryption technology and products HK\$	Money lending HK\$	Trading HK\$	Unallocated HK\$	Total HK\$
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:							
<b>For the six months ended</b>							
<b>30 September 2015</b>							
Increase in fair value of held for trading investment	-	-	-	-	-	3,172	3,172
Finance costs	-	-	665,578	-	-	2,325,000	2,990,578
Income tax ( <i>note</i> )	-	530,817	-	-	-	-	530,817
	<u>-</u>	<u>530,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>530,817</u>
<b>For the six months ended</b>							
<b>30 September 2014</b>							
Finance costs	-	-	6,634	-	-	2,067,472	2,074,106
	<u>-</u>	<u>-</u>	<u>6,634</u>	<u>-</u>	<u>-</u>	<u>2,067,472</u>	<u>2,074,106</u>

*Note:* Income tax of HK\$530,817 (six months ended 30 September 2014: nil) attributable to the mining operations segment was not allocated to individual segment for the presentation purpose. Should this item be included in the measurement of segment (loss) profit, the aggregate segment profit of mining operations for the six months ended would be HK\$1,592,449 (six months ended 30 September 2014: segment loss of HK\$2,717,933).

## 5. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment with a cost of HK\$4,845,258 (six months ended 30 September 2014: HK\$282,819 acquired through acquisition of subsidiaries accounted for as assets acquisition (note 20)).

## 6. INTANGIBLE ASSETS

	Mining right and reserves HK\$	Exploration rights HK\$	Technical knowhow HK\$	Total HK\$
<b>Year ended 31 March 2015</b>				
Carrying amount at 1 April 2014 (audited)	317,116,790	3,521,002	–	320,637,792
Acquisition of subsidiaries ( <i>note 20</i> )	–	–	107,444,950	107,444,950
Amortisation	–	–	(25,067,042)	(25,067,042)
Impairment loss	–	–	(54,977,909)	(54,977,909)
Exchange realignment	<u>1,534,540</u>	<u>17,067</u>	<u>1,600,001</u>	<u>3,151,608</u>
Carrying amount at 31 March 2015	<u>318,651,330</u>	<u>3,538,069</u>	<u>29,000,000</u>	<u>351,189,399</u>
<b>Six months ended 30 September 2015</b>				
Carrying amount at 1 April 2015	318,651,330	3,538,069	29,000,000	351,189,399
Amortisation	–	–	(4,660,647)	(4,660,647)
Exchange realignment	<u>(12,017,740)</u>	<u>(133,463)</u>	<u>(958,766)</u>	<u>(13,109,969)</u>
Carrying amount at 30 September 2015 (unaudited)	<u>306,633,590</u>	<u>3,404,606</u>	<u>23,380,587</u>	<u>333,418,783</u>

## 7. TRADE RECEIVABLES

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Trade receivables in relation to:		
– financial quotation services	2,544,962	3,572,971
– trading	<u>19,185</u>	<u>–</u>
	2,564,147	3,572,971
Interest receivables in relation to money lending	<u>34,323</u>	<u>–</u>
	<u>2,598,470</u>	<u>3,572,971</u>

The Group's trade receivable from the financial quotation services and trading are due upon the presentation of invoices. The Group allows an average credit period of 90 days to its customers under trading segment. At 30 September 2015 and 31 March 2015, the ageing analysis, based on the invoice dates which approximated the respective revenue recognition dates, of the trade receivables is as follows:

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
0 – 3 months	<b>2,477,056</b>	3,442,234
Over 3 months	<b>87,091</b>	130,737
	<b><u>2,564,147</u></b>	<u>3,572,971</u>

Interest receivables in relation to money lending are accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable. Settlement of interest receivables is in accordance with the terms stated in agreement entered with its customers ranging from 1 month to 12 months. At 30 September 2015, the interest receivables arising from the accruals of interest from loans granted to customers using effective interest rate were neither past due nor impaired.

## 8. LOAN RECEIVABLES

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Unsecured loans:		
– guaranteed and bearing monthly interest rate from 3% to 3.5% and repayable within 1 year	<b><u>4,816,800</u></b>	<u>–</u>

The unsecured loans to customers had loan period of 30 days to 365 days. The ageing analysis, based on the dates of unsecured loans granted to customers, of loan receivables is as follows:

**Ageing analysis**

	<b>30 September 2015 HK\$ (Unaudited)</b>	<b>31 March 2015 HK\$ (Audited)</b>
0 – 3 months	<b>3,000,000</b>	–
Over 3 months	<b>1,816,800</b>	–
	<b><u>4,816,800</u></b>	<b><u>–</u></b>

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

Loan receivables at 30 September 2015 were neither past due nor impaired.

**9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>30 September 2015 HK\$ (Unaudited)</b>	<b>31 March 2015 HK\$ (Audited)</b>
Other receivables	<b>1,237,368</b>	1,840,760
Deposit for acquisition of subsidiaries ( <i>note</i> )	<b>29,719,394</b>	–
Deposits and prepayments	<b>9,001,459</b>	6,343,645
	<b><u>39,958,221</u></b>	<b><u>8,184,405</u></b>

*Note:* The balance was refundable deposit for acquisition of subsidiaries in which the acquisition agreement has been lapsed on 1 September 2015. Further details of the lapse of the acquisition agreement are set out in the Company's announcement dated 10 September 2015.



## 10. TRADE AND OTHER PAYABLES

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Trade payables ( <i>notes a and b</i> )	8,197,998	5,220,636
Receipts in advance ( <i>note c</i> )	36,848,092	6,983,170
Other payables and accrued charges ( <i>note d</i> )	8,698,409	10,198,808
	<u>53,744,499</u>	<u>22,402,614</u>

*Notes:*

- (a) The ageing of trade payables were within 3 months based on the invoice date at the end of both financial reporting periods.
- (b) An average credit period of 45 to 180 days is granted by the service providers. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.
- (c) Included in the balance was non-refundable deposit of HK\$30,000,000 (31 March 2015: nil) for the disposal of available-for-sale investment with total consideration of HK\$60,000,000. Further details of the disposal of available-for-sale investment are set out in the Company's announcement dated 4 June 2015.
- (d) Included in the balance was amounts due to certain independent third parties of HK\$3,245,957 (31 March 2015: HK\$5,333,178) that are interest-free, un-secured and repayable on demand.

## 11. BANK BORROWING

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Bank borrowing, unsecured	<u>6,811,206</u>	<u>7,078,213</u>

The bank borrowing with maturity date on 31 October 2014 was non-interest bearing.

As at 30 September 2015 and 31 March 2015, such bank borrowing was in default on repayment. Interest rate of 0.05% per day has been charged starting from the date of the default on repayment. Demand letter has been issued and court action has been filed by the bank. The court case has not yet been finalised up to the date of these condensed consolidated financial statements and the Group is exposed to uncertain claims over default interest and penalty.

## 12. BONDS

At the end of the financial reporting periods, the Group has outstanding unsecured corporate bonds with aggregate principal of HK\$70,000,000 with the following major terms:

Issue price:	100% of the principal amount
Interest:	5.5% per annum payable semi-annually in arrear
Maturity:	7 years from date of issuance unless early redeemed
Early redemption options:	<ul style="list-style-type: none"> <li>– The holders can request for early redemption after the fourth anniversary from the issue date up to the maturity date at a redemption amount of 80% of the outstanding principal.</li> <li>– The Group can early redeem the bonds after the fifth anniversary from the issue date up to the maturity date at a redemption amount of 100% of the outstanding principal.</li> </ul>

The Company's bonds carry interest at effective interest rate of 7.22% (year ended 31 March 2015: 7.22%) per annum.

## 13. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2014, 31 March 2015, 1 April 2015 and 30 September 2015	<u>6,000,000,000</u>	<u>60,000,000</u>
Issued and fully paid:		
At 1 April 2014 (audited)	1,655,347,200	16,553,472
Issue of shares on placing ( <i>note a</i> )	<u>331,068,000</u>	<u>3,310,680</u>
At 31 March 2015 (audited)	1,986,415,200	19,864,152
Issue of shares on placing ( <i>note b</i> )	<u>214,138,000</u>	<u>2,141,380</u>
As at 30 September 2015 (unaudited)	<u>2,200,553,200</u>	<u>22,005,532</u>

*Notes:*

- On 18 November 2014, 331,068,000 ordinary shares of HK\$0.01 each were placed at a price of HK\$0.114 per share, raising total proceeds of HK\$37,075,626, net of direct expenses of HK\$666,126.
- On 23 September 2015, 214,138,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.189 per share, raising total proceeds of HK\$40,064,229, net of direct expenses of HK\$407,853.

## 14. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Effective interest expense on bonds	2,325,000	2,067,472
Interest on bank borrowing	665,578	6,634
	<u>2,990,578</u>	<u>2,074,106</u>

## 15. LOSS BEFORE TAX

Loss before tax is arrived at after charging (crediting):

	Six months ended 30 September	
	2015	2014
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	4,660,647	5,395,243
Amortisation of prepaid lease payments	54,358	55,070
Cost of goods sold	10,502,594	–
Depreciation of property, plant and equipment	1,670,768	1,382,407
Minimum lease payments under operating leases in respect of land and buildings	2,668,299	2,503,632
Bank interest income	(176,601)	(137,730)
Reversal on provision for unclaimed customers' deposit	(200,000)	–
Compensation income from the forfeiture of purchase contract	(132,280)	–
Loss on write-off of property, plant and equipment	–	1,417

## 16. INCOME TAX

	Six months ended 30 September	
	2015	2014
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Current tax		
– People's Republic of China ("PRC") Enterprises Income Tax ("PRC EIT")	530,817	–

- (a) No provision of Hong Kong Profits Tax has been made for the six months ended 30 September 2015 since no assessable profits have been generated from subsidiaries in Hong Kong.
- (b) 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 PRC subsidiaries is 25% from 1 January 2008 onwards.

## 17. LOSS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period attributable to owners of the Company	<b><u>(19,468,961)</u></b>	<u>(20,400,486)</u>

### Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	<b><u>1,995,776,424</u></b>	<u>1,655,347,200</u>
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Diluted losses per share for the six months ended 30 September 2015 and 2014 are the same as the basic loss per share as there are no dilutive potential ordinary shares outstanding during the six months ended 30 September 2015 and 2014.

## 18. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2015 and 2014, nor has any dividend been proposed since the end of the reporting periods.

## 19. FAIR VALUE DISCLOSURE

The measurements of fair value of financial instruments subsequent to initial recognition are grouped into Levels 1 to 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 measurements in its entirety, which are described as follows:

Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

*Fair value measurement recognised in the condensed consolidated statement of financial position on a recurring basis*

The fair value of the Group's held for trading investment of HK\$16,120 (31 December 2014: HK\$12,948) as at 30 September 2015 falls within Level 1 based on the quoted bid price from the Stock Exchange.

There was no transfer between levels of fair value hierarchy during the six months ended 30 September 2015 and 2014.

*Fair value of financial instruments carried at other than fair value*

The directors of the Company consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate to the corresponding carrying amounts due to their short-term maturities.

## **20. ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS ASSETS ACQUISITION**

On 30 April 2014, the Group completed the acquisition of the 60% equity interests of POMP from an independent third party for a cash consideration of HK\$60,000,000. The directors of the Company are of the opinion that the acquisition of POMP is in substance assets acquisition instead of a business combination, as the net assets of the POMP Group were mainly intangible assets and the POMP Group was inactive prior to the acquisition by the Group.

Net assets of the POMP Group acquired:

	<i>HK\$</i> (Audited)
Intangible asset	107,444,950
Property, plant and equipment	282,819
Other receivables	29,054
Bank balances and cash	3,024,144
Other payables	(804,167)
Bank borrowings	(9,976,800)
	<hr/>
	100,000,000
Non-controlling interests	(40,000,000)
	<hr/>
	60,000,000
	<hr/>
Satisfied by:	
Prepayment for acquisition of a subsidiary	60,000,000
	<hr/>
Net cash inflow arising from acquisition representing bank balances and cash acquired	3,024,144
	<hr/>

## 21. OPERATING LEASE COMMITMENTS

### (a) The Group as lessor

During the six months ended 30 September 2015, the Group leased out its mining structures included in property, plant and equipment, and mining right and reserves and exploration rights included in intangible assets, as operating leases. Rental income earned during the six months ended 30 September 2015 was Renminbi 2,600,007, equivalent to HK\$3,258,329. No relevant rental income has been earned during the six months ended 30 September 2014.

At the end of the financial reporting period, the Group had contracted with lessee for future minimum lease receivables under non-cancellable operating leases as follows:

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Within one year	<u><b>3,163,680</b></u>	<u>6,575,400</u>

### (b) The Group as lessee

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

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Within one year	<b>4,548,001</b>	3,812,377
In the second to fifth years inclusive	<u><b>4,766,200</b></u>	<u>2,491,860</u>
	<u><b>9,314,201</b></u>	<u>6,304,237</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties and production premises. Leases are negotiated for terms ranging from 1 to 2 years. Rentals were fixed at the inception of the leases.

## **22. CONTINGENCIES**

During the year ended 31 March 2015, Mr. Chen Jiasong (“Mr. Chen”), the former chairman and a director of the Company who had suspended all executive duties from 29 August 2014 and had resigned on 31 March 2015, was charged by the Independent Commission Against Corruption with accepting a bribe of HK\$1 million for inducing the Company to acquire an investment company at a consideration of HK\$380 million.

On 25 September 2015, Mr. Chen was convicted guilty and was ordered to pay a restitution of HK\$1 million to the Company.

In the opinion of the directors of the Company, the restitution was considered as contingent asset and was not recognised in these condensed consolidated financial statements as the restitution was uncertain and not wholly within the control of the Company.

## **23. RELATED PARTY TRANSACTION**

Key management compensation amounted to HK\$2,478,000 for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$3,064,374).

## **24. EVENTS AFTER THE REPORTING PERIOD**

On 29 September 2015, the Company entered into a subscription agreement with two investors (the “Investors”), being independent third parties to the Company, pursuant to which the Company has conditionally agreed to issue and allot, and the Investors have agreed to subscribe for 30,000,000 ordinary shares of the Company at the subscription price of HK\$0.197 per share (the “Subscription”). The Subscription was completed subsequently on 12 October 2015.

Further details of the subscription of shares are set out in the Company’s announcements dated 29 September 2015 and 12 October 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CHANGE OF COMPANY NAME**

Subsequent to the passing of the special resolutions approving the change of company name and the adoption of the Chinese secondary name at the special general meeting held on 12 August 2015 and the annual general meeting held on 30 September 2015, respectively, and the completion of all necessary filing procedures in Bermuda and Hong Kong, the new name of the Company of “Ban Loong Holdings Limited” and the new Chinese secondary name of the Company of “萬隆控股集團有限公司” have been adopted and put to effect on 27 October 2015.

The change of the company name helped to refresh the Company’s corporate image and identity, and considers that the new English and Chinese names can more accurately reflect the new strategy of the Company. The Board believes that the change of company name will benefit the Company’s future business development.

### **OPERATING RESULTS**

For the six months ended 30 September 2015, the revenue of the Group amounted to approximately HK\$30.4 million, representing an increase of 9% as compared to HK\$27.9 million in previous interim period. Loss for the current period amounted to HK\$22.1 million, represented an improvement by 10.5% as comparing to the loss in the previous period of HK\$24.7 million. The total comprehensive loss of the Group amounted to HK\$36.2 million, after taking into account an exchange loss on translation of foreign operations of HK\$14 million, representing an increase of HK\$13.3 million as compared to the total comprehensive loss of HK\$22.9 million in the previous interim period. The comprehensive loss attributable to owners of the Company amounted to HK\$28.6 million, representing a decline of HK\$9.2 million from that of previous period.

### **INTERIM DIVIDEND**

The Directors did not recommend an interim dividend for the six months ended 30 September 2015.



## **BUSINESS REVIEW**

The Group involves in five identifiable business segments namely the financial quotation segment, the mining operations segment, the encryption technology and products segment, the money lending segment and the trading segment. The financial quotation segment includes (i) financial quotation services provided by QuotePower International Limited (“QuotePower”); and (ii) wireless applications development provided by ABC QuickSilver Limited (“ABC QuickSilver”). The mining operations segment refers to the exploration and exploitation of mineral resources in China conducted by Jun Qiao Limited and its subsidiaries (the “Jun Qiao Group”). The encryption technology and products segment refers to the development of encryption technology and manufacturing of the related products in China conducted by DeTron Tech Limited (“Detron”), a wholly owned subsidiary of POMP International Limited (“POMP”) (POMP and its subsidiaries are collectively referred as the “POMP Group”). The money lending segment refers to the money lending business engaged in Hong Kong by Ban Loong Finance Company Limited (“Ban Loong Finance”), a wholly owned subsidiary of the Company which obtained the money lender license during the period. The trading segment refers to the trading of goods and commodities in China by Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (“Wan Long Xing Ye”), a wholly owned subsidiary of the Company.

During the current interim period, the Group’s revenue was mainly contributed by the financial quotation segment, the mining operations segment, money lending segment and trading segment.

### **The Financial Quotation Segment**

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

During the current interim period, QuotePower was one of the main revenue contributors of the Group. Its revenue amounted to approximately HK\$16.3 million. As compared with the last interim period, revenue from QuotePower has been declined by 41.5%. The sharp decline in the segment’s revenue was mainly due to the loss of some major customers, like banks and securities brokers, owing to the pessimistic investment market atmosphere. It was understood that the negative news relating to the ex-Chairman of the Group has also hindered negotiations with existing customers in renewing annual subscription. The loss from the segment amounted to HK\$2.6 million, representing an increase of HK\$1.7 million due to the drop in revenue as comparing to the loss from the segment amounted to HK\$0.9 million in the previous interim period. Even though the management of QuotePower was endeavor to improve efficiency and control costs, but the management was caught flat-footed by the rapid decline in customers and subscription.

## **The Mining Operations Segment**

The Jun Qiao Group holds 1 mining license in Henan and 2 exploration licenses in Henan and Xinjiang respectively. Mining properties of the Group includes the following:

### *Yin Di Mining Area ( 銀地礦區 ) in Henan*

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

### *Li Zi Yuan Mining Area ( 栗子園礦區 ) in Henan*

The mine is also located at Tongbai County of Henan, and is very close to the Yin Di Mining Area. Mining area covered by the exploration license was approximately 2.36 km<sup>2</sup>. Detailed geological survey and mineral resources exploration were undertaking. Although findings have not yet been concluded, various copper and gold mineralization zones have been identified.

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

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

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

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

During the current interim period, the revenue generated from the operating lease arrangement amounted to approximately HK\$3.3 million.

### **The Encryption Technology and Products Segment**

The business segment refer to the encryption technology and products provided by the POMP and Detron. During the current interim period, Detron is still in the process of developing pioneer portable devices with built-in proprietary quantum direct key ("QDK") encryption technology.

The Board is in the process of formulating the business strategy which might involve a possible scaling-down and/or sell-down and/or the introduction of new investors and/or new project partners in light of its uncertain market prospect.

During the current interim period, no revenue was generated from this segment.

### **Money Lending Segment**

Ban Loong Finance has obtained the money lender license in June 2015 to carry out money lending business in Hong Kong. Its business primarily focus in the area of personal loans. During the current interim period, revenue generated from the segment, that is interest received and accrued, amounted to approximately HK\$0.2 million.

### **Trading Segment**

Wan Long Xing Ye carried out trading of goods and commodities business in China. During the current interim period, Wan Long Xing Ye mainly engaged in the trading of stainless steel coil. During the current interim period, trading revenue amounted to approximately HK\$10.7 million.

## **SELLING AND DISTRIBUTION EXPENSES**

During the current interim period, the Group's selling and distribution costs amounted to approximately HK\$0.9 million, a decrease of approximately 29% over the last interim period. Selling and distribution expenses were incurred solely in the financial quotation segment. The decrease was in line with the drop of revenue in the segment.

## **GENERAL AND ADMINISTRATIVE EXPENSES**

During the current interim period, the Group's general and administrative expenses decreased by approximately HK\$0.3 million or 1.2%. The expenses mainly included staff related cost amounted to approximately HK\$8.5 million, directors' fee amounted to approximately HK\$2.5 million, rental expenses amounted to approximately HK\$2.7 million and legal and professional fee amounted to approximately HK\$5.3 million.

## **FINANCE COSTS**

Finance costs amounted to approximately HK\$3 million (30 September 2014: HK\$2 million). The interest incurred mainly due to the imputed interest on long term bonds issued and the bank loan interest incurred by the POMP Group.

## **INCOME TAX EXPENSES**

During the current interim period, the Group's income tax expense amounted to approximately HK\$0.5 million and was provided for in the mining operations segment.

## **LOSS PER SHARE**

During the current interim period, the Company has suffered from a loss per share of 0.98 HK cents (30 September 2014: 1.23 HK cents).

## **INTANGIBLE ASSETS**

The Group's intangible assets, which comprised of (i) mining right and reserves and exploration rights of Jun Qiao Group, amounted to approximately HK\$310 million and (ii) technical knowhow, amounted to approximately HK\$23 million, which arised from the acquisition of POMP during the last interim period.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses pursuant to HKAS 38. The mining right and reserves are amortised over the estimated useful lives, in accordance with the production plans of the management and the proven and probable mineral reserves of the mines using the unit-of-production method. Since no mineral ores were extracted out of the proven and probable mineral reserves during the current interim period, no related amortisation of mining right and reserves were charged to the consolidated statement of profit or loss and other comprehensive income while the exploration rights are stated at cost less impairment losses. The amortisation of technical knowhow start from the date they are available for use and approximately HK\$4.7 million were charged to the consolidated statement of profit or loss and other comprehensive income during the current interim period on a straight-line basis over its estimated useful lives.

In ascertaining the carrying value and assessing if there is any impairment on the mining right, reserves and patents, the Directors had engaged Roma Appraisal Limited (“Roma”), an independent valuer to perform valuations on the mining right, reserves and technical knowhow. Based on the valuation report issued by Roma on 29 June 2015, the fair value of the mining right and reserves as at 31 March 2015 was amounted to HK\$383 million. While based on the valuation report issued by Roma on 29 June 2015, the fair value of the technical knowhow as at 31 March 2015 was amounted to HK\$29 million.

In assessing any possible impairment on the intangible assets as at 30 September 2015, the management considered that there was no material adverse change towards the economic parameters and development plan adopted in preparing the valuation reports of the mining right and reserves and technical knowhow for their fair value as at 31 March 2015. Thus the management believed that there would not be any material decline over the reference fair value and concluded that no impairment needed to be provided in this interim financial statements. The management will closely monitor the fair value of the intangible assets and will engage independent valuer to value the fair value of intangible assets at the end of each reporting period.

## **TRADE RECEIVABLES**

The Group’s trade receivables as at 30 September 2015 amounted to HK\$2.6 million which represented a decrease of approximately HK\$1 million as comparing with the trade receivables of HK\$3.6 million as at 31 March 2015. The amount mainly contributed by the financial quotation segment and the decrease was in line with the drop of revenue in the segment.

## **OTHER RECEIVABLE, DEPOSITS AND PREPAYMENTS**

As at 30 September 2015, other receivables, deposits and prepayments amounted to approximately HK\$40 million (31 March 2015: HK\$8.2 million). The increase was mainly due to the refundable deposits paid for the proposed acquisition as stated in the Company's announcement dated 27 April 2015 amounted to approximately HK\$29 million during the current interim period. The refundable deposit has been fully repaid to the Company subsequent to the interim balance sheet date.

## **DEFERRED TAX LIABILITIES**

During the current interim period, deferred tax liabilities contributed by Jun Qiao amounted to HK\$74.3 million, which was calculated at the tax rate of PRC Enterprise Income Tax of 25% mainly on the increase in fair value of intangible assets in accordance with the relevant accounting principle.

## **SHARE CAPITAL AND FUND RAISING ACTIVITIES**

As at 30 September 2015, the total number of issued ordinary shares of the Company was 2,200,553,200 shares (31 March 2015: 1,986,415,200 shares).

On 9 September 2015, the Company entered into a placing agreement with Convoy Investment Services Limited as placing agent (the "Placing Agent") to place, on a best efforts basis, a maximum of 397,280,000 shares at a price of HK\$0.189 per share under the Refreshed General Mandate to the Directors at the special general meeting held on 12 August 2015 (the "Placing"). Completion of the Placing took place on 23 September 2015 whereby a total of 214,138,000 shares were placed by the Placing Agent. The gross proceeds from the Placing are approximately HK\$40.47 million and the net proceeds from the Placing, after deducting the placing commission and other professional fees incurred by the Company in the Placing, are approximately HK\$40.06 million. The net proceeds of the Placing will be utilized by the Company for financing the Group's money lending business. For further details, please refer to the Company's announcements dated 10 September 2015 and 23 September 2015.

## FINANCIAL POSITION

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from HK\$296.8 million to HK\$308.2 million. Total assets and net assets increased by 5.7% and 0.9% to HK\$640 million and HK\$427 million.

In the current interim period, the net cash used in operations amounted to HK\$16 million, as compared to that of HK\$30.7 million in previous interim period. The net cash used in operations decreased by HK\$14.7 million, which was primarily due to the increase in trade and other payable by HK\$31.3 million. The net cash used in the Group's investing activities amount to HK\$5.1 million, which was due to the amount paid for purchase of property, plant and equipment amounted to approximately HK\$3.6 million, repayment of amount due to independent third parties amounted to approximately HK\$2 million and the net effect of the deposit received from disposal of available-for-sale investment and the deposit paid for the acquisition of subsidiaries amounted to HK\$30 million and HK\$29.7 million respectively. Overall, the net increase in cash and cash equivalents of the Group amount to HK\$18.9 million, as compared to the net increase in previous interim period of HK\$2.4 million. As at 30 September 2015, the Group's cash and cash equivalent amounted to approximately HK\$115.9 million. The Group was endeavor to maintains a conservative approach to cash management and risk controls.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2015, the Group's cash and cash equivalents amounted to HK\$115.9 million (31 March 2015: HK\$97.9 million). The Group had no banks loans or borrowings with fixed term of repayment at the end of the reporting period.

	<b>As at 30 September 2015</b>	<b>As at 31 March 2015</b>
Current ratio (current assets/current liabilities)	<b>2.3 times</b>	2.8 times
Gearing ratio (total liabilities/total assets)	<b><u>33%</u></b>	<b><u>30%</u></b>

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

## **MERGERS AND ACQUISITIONS**

On 24 April 2015, Ban Loong Property Investment Limited, a wholly-owned subsidiary of the Company and incorporated after the year ended 31 March 2015, has entered into a sale and purchase agreement (the “Acquisition Agreement”) with Mr. Chiu Ngai Hung (“Mr. Chiu”), an independent third party, for the purchase of seven property holding companies named as (i) Summit Pacific Group Limited; (ii) Urban Stone Limited; (iii) Spring Hero Developments Limited; (iv) Sharp Pick Ventures Limited; (v) Viva Star International Limited; (vi) Main Trillion Limited; and (vii) Cozy Sky Limited (collectively referred to as the “Target Companies”), which are wholly owned by Mr. Chiu, with consideration of HK\$297,193,940. A refundable deposit of HK\$29,719,394 has been paid upon the signing of the agreement on 24 April 2015, while remaining amount, HK\$267,474,546 will be paid (subject to the completion clauses contained in the sale and purchase agreement) upon the completion of transfer of the shares of the Target Companies (the “Proposed Acquisition”). The Acquisition Agreement lapsed on 1 September 2015. Subsequent to the current interim period, the refundable deposit of approximately HK\$29 million has been received. For further details, please refer to the Company’s announcements dated 27 April 2015 and 10 September 2015.

## **DISPOSAL**

On 4 June 2015, the Company and 深圳市德銘旺貿易有限公司 (Shenzhen Demingwang Trading Co., Ltd.) (the “Purchaser”) entered into a disposal agreement (the “Disposal Agreement”) pursuant to which the Company agreed to sell 18% of the issued share capital of Sharp Legend Inc. and related shareholders’ loans to the Purchaser for a total cash consideration of HK\$60 million. The disposal has not yet been completed as at the end of the interim period. During the current interim period, a non-refundable deposit of HK\$30 million has been received and the remaining balance of HK\$30 million will be received in December 2015. For further details, please refer to the Company’s announcement dated 4 June 2015.



## **FUND RAISING ACTIVITIES AFTER REPORTING PERIOD**

On 29 September 2015, the Company entered into a subscription agreements with two investors namely, Mr. Lam Man Kwong and Mr. Fang Jing Hua (collectively the “Investors”) (the “Subscription Agreements”) pursuant to which the Company has conditionally agreed to issue and allot, and the Investors have agreed to subscribe for 30,000,000 subscription shares at the subscription price of HK\$0.197 per subscription share under the refreshed general mandate granted to the Directors at the special general meeting held on 12 August 2015. Completion of the Placing took place on 12 October 2015 where an aggregate of 30,000,000 new shares were issued and allotted to the Investors at the subscription price of HK\$0.197 per subscription share. The gross and net proceeds from the Subscription was approximately HK\$5.91 million. It is intended that such net proceeds will be used by the Company for financing the Group’s money lending business. For further details, please refer to the Company’s announcements dated 29 September 2015 and 12 October 2015.

## **PLEDGE OF ASSETS**

As at 30 September 2015, no assets of the Group were pledged to secure general banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

As at 30 September 2015, the Group had no material contingent liabilities.

## **CAPITAL COMMITMENTS**

As at 30 September 2015, the Group had no material capital commitments.

## **FOREIGN EXCHANGE EXPOSURE**

Most of the operations and trading transaction, assets and liabilities of the Group were denominated in Hong Kong dollar and Renminbi. During the current interim period, the Group had an insignificance amount of exchange difference.

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

## **COMMODITY PRICE RISK**

As stated above, the Group's Mining Assets has been leased out to the lessee, whereas fixed operating lease income was received. The Group had no material commodity price risk exposure.

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

## **EMPLOYEE REMUNERATION POLICY**

As at 30 September 2015, the Group had 61 employees (30 September 2014: 68 employees). Total salaries, commissions, incentives and all other staff related costs incurred for the interim period ended 30 September 2015 amounted to approximately to HK\$8.5 million (30 September 2014: HK\$9.1 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 assistances benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

## **PROSPECT**

### **The Financial Quotation Segment**

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

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

### **The Mining Operations Segment**

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

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

The management considered that the operating lease arrangement provides an opportunity for the Group to generate a stable operating lease income from the Mining Assets and minimize the Group's exposure to extra capital expenditure and operating costs associated with the mining operations. The management expected that the Group could generate a positive cash inflow from the mining operations segment in the coming years. The initial term of the lease contract is for one year running from 30 March 2015 to 29 March 2016. Thereafter, the Group may renew the lease contract for successive one-year periods, for up to a maximum of ten years in total. The aggregate rent for the Mining Assets during the first year of tenure under the lease contract is RMB5,200,000 (HK\$6,500,000), which shall be payable by 12 equal monthly installments. The management will constantly review the execution of the lease contract and closely monitor mining works done by the Lessee in order to safeguard the Group's mineral reserves.

### **The Encryption Technology and Products Segment**

The encryption technology and products segment is rather new to the Group. The POMP Group is in the process of designing portable devices with built-in proprietary QDK encryption technology. Meanwhile, the Company is in the process of formulating the business strategy which might involve a possible scaling-down and/or sell-down and/or the introduction of new investors and/or new project partners in light of its uncertain market prospect. The management expected the revenue contribution from the segment may stay at a low proportion in the near future.

## **Money Lending Segment**

Money lending business was a new business segment to the Group. During and subsequent to the current interim period, the Group has made several short-terms loans to customers. These customers are usually renowned businessmen and professionals with sufficient assets backing. The Group would also request customers to provide adequate guarantees before releasing loan money. In average, loans advanced to customers yield an annual percentage rate of approximately 30%. The management considered the potential of the segment was high and the segment could help to provide a constant cash inflow to the Group. The Group will continue to devote a high proportion of its financial resources to the segment with a view to capture the profit potential of the money lending industry.

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

## **Trading Segment**

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

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

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

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

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

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 2015 except for the following deviation:

### **Code Provision A.4.1**

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

### **Code Provision A.6.7**

Code Provision A.6.7 stipulates that independent non-executive directors (“INEDs”) and other non-executive directors (“NEDs”) should attend general meeting. Out of four INEDs of the Company, only three INEDs attended the annual general meeting of the Company held on 30 September 2015 (the “2015 AGM”) but the only one INED was unable to attend the 2015 AGM due to other business engagement.

## **SHARE OPTION SCHEME**

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

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

## **BOARD DIVERSITY POLICY**

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

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

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## AUDIT COMMITTEE

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 2015 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](http://www.hkexnews.hk)) as well as the website of the Company (<http://www.0030hk.com>). The 2015/2016 interim report will be dispatched 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*

Hong Kong, 30 November 2015

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

*Executive Directors:*

Mr. Chow Wang (*Chairman*)

Mr. Cheung Wai Shing

*Non-executive Director:*

Mr. Fong For

*Independent Non-executive Directors:*

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan