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**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 2017**

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 2017, 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 2017*

		<b>For the six months ended 30 September 2017 HK\$ (unaudited)</b>	<b>For the six months ended 30 September 2016 HK\$ (unaudited and restated)</b>
	<i>Notes</i>		
<b>Continuing operations</b>			
Revenue	4	<b>351,455,944</b>	108,313,293
Cost of sales		<b>(325,694,805)</b>	(92,491,053)
		<b>25,761,139</b>	15,822,240
Other income and gain		<b>37,918</b>	137,663
Selling and distribution expenses		<b>(503,790)</b>	–
General and administrative expenses		<b>(15,516,097)</b>	(14,935,325)
Finance costs	5	<b>(2,325,006)</b>	(2,333,149)
Profit/(loss) before tax	6	<b>7,454,164</b>	(1,308,571)
Income tax expenses	7	<b>(2,028,380)</b>	(1,815,199)
Profit/(loss) for the period from continuing operations		<b>5,425,784</b>	(3,123,770)

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

*For the six months ended 30 September 2017 (Continued)*

		<b>For the six months ended 30 September 2017 HK\$ (unaudited)</b>	<b>For the six months ended 30 September 2016 HK\$ (unaudited and restated)</b>
	<i>Notes</i>		
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	8	—	(1,506,509)
Profit/(loss) for the period		<b>5,425,784</b>	(4,630,279)
<b>Other comprehensive income/(expense) for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operation		<b>4,265,908</b>	(9,682,031)
Total comprehensive income/(expense) for the period		<b>9,691,692</b>	(14,312,310)
<b>Profit/(loss) for the period attributable to owners of the Company</b>			
– from continuing operations		<b>5,430,872</b>	(3,810,420)
– from discontinued operation		—	(768,320)
		<b>5,430,872</b>	(4,578,740)
<b>(Loss)/profit for the period attributable to non-controlling interests</b>			
– from continuing operations		<b>(5,088)</b>	686,650
– from discontinued operation		—	(738,189)
		<b>(5,088)</b>	(51,539)

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

*For the six months ended 30 September 2017 (Continued)*

	<b>For the six months ended 30 September 2017 HK\$ (unaudited)</b>	<b>For the six months ended 30 September 2016 HK\$ (unaudited and restated)</b>
<i>Notes</i>		
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
– owners of the Company	<b>9,696,780</b>	(10,830,674)
– non-controlling interests	<b>(5,088)</b>	(3,481,636)
	<b><u>9,691,692</u></b>	<b><u>(14,312,310)</u></b>
<b>Earnings/(loss) per share</b>		
From continuing and discontinued operations		
– Basic and diluted (HK cents)	<b><u>0.12</u></b>	<b><u>(0.16)</u></b>
From continuing operations		
– Basic and diluted (HK cents)	<b><u>0.12</u></b>	<b><u>(0.13)</u></b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 30 September 2017*

		As at 30 September 2017 HK\$ (unaudited)	As at 31 March 2017 HK\$ (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	4,617,063	4,594,205
Interest in an associate		10,810	–
Intangible assets	<i>12</i>	–	–
Deferred tax asset		170,113	138,112
		<u>4,797,986</u>	<u>4,732,317</u>
<b>Current assets</b>			
Trade receivables	<i>13</i>	38,164,491	10,391,604
Loan and interest receivables	<i>14</i>	285,607,906	231,903,888
Other receivables, deposits and prepayments	<i>15</i>	180,737,487	99,586,992
Bank balances and cash		33,978,457	114,323,600
		<u>538,488,341</u>	<u>456,206,084</u>
<b>Current liabilities</b>			
Other payables	<i>16</i>	112,868,964	43,601,911
Amounts due to non-controlling shareholders of subsidiaries		4,375,651	4,375,651
Tax payable		3,869,822	1,809,441
Bonds		67,229,000	66,829,000
		<u>188,343,437</u>	<u>116,616,003</u>
<b>Net current assets</b>		<u>350,144,904</u>	<u>339,590,081</u>
<b>Total assets less current liabilities</b>		<u>354,942,890</u>	<u>344,322,398</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 30 September 2017 (Continued)*

		<b>As at</b> <b>30 September</b> <b>2017</b> <i>Notes</i> <b>HK\$</b> <b>(unaudited)</b>	<b>As at</b> <b>31 March</b> <b>2017</b> <i>HK\$</i> <b>(audited)</b>
<b>Capital and reserves</b>			
Share capital	17	<b>45,401,268</b>	45,401,268
Reserves		<b>309,024,164</b>	299,327,384
Equity attributable to owners of the Company		<b>354,425,432</b>	344,728,652
Non-controlling interests		<b>517,458</b>	(406,254)
<b>Total equity</b>		<b>354,942,890</b>	344,322,398

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company								Total HK\$
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Convertible bonds equity reserve HK\$	Exchange reserve HK\$	Accumulated losses HK\$	Sub-total HK\$	Non- controlling interests HK\$	
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)	<u>45,401,268</u>	<u>628,793,491</u>	<u>176,000</u>	<u>-</u>	<u>3,017,891</u>	<u>(322,963,218)</u>	<u>354,425,432</u>	<u>517,458</u>	<u>354,942,890</u>
At 1 April 2016 (audited)	24,305,532	431,177,590	176,000	3,926,666	1,018,890	(134,438,565)	326,166,113	107,781,128	433,947,241
Loss for the period	-	-	-	-	-	(4,578,740)	(4,578,740)	(51,539)	(4,630,279)
Other comprehensive expense for the period:									
Exchange differences arising on translating foreign operation	-	-	-	-	(6,251,934)	-	(6,251,934)	(3,430,097)	(9,682,031)
Total comprehensive expense for the period	-	-	-	-	(6,251,934)	(4,578,740)	(10,830,674)	(3,481,636)	(14,312,310)
Issue of shares on placing	1,901,100	15,208,800	-	-	-	-	17,109,900	-	17,109,900
Transaction costs attributable to placing of shares	-	(513,117)	-	-	-	-	(513,117)	-	(513,117)
Issue of shares upon conversion of convertible bonds	500,000	1,013,733	-	(3,926,666)	-	3,926,666	1,513,733	-	1,513,733
At 30 September 2016 (unaudited)	<u>26,706,632</u>	<u>446,887,006</u>	<u>176,000</u>	<u>-</u>	<u>(5,233,044)</u>	<u>(135,090,639)</u>	<u>333,445,955</u>	<u>104,299,492</u>	<u>437,745,447</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

## 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 (together with the Company collectively referred to as the “Group”) are principally engaged in money lending business and trading of goods and commodities. The Group was also engaged in providing financial quotation services and wireless applications development which were discontinued during the year ended 31 March 2017. 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 2017 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”).

### **De-consolidation**

Due to the obstructions faced by the Company in exercising control over, and gathering information and documents regarding, the Tong Bai County Yin Di Mining Company Limited (“Yin Di Mining”) and its subsidiary (“De-consolidated Subsidiaries”), the Company regard that it has lost control over the De-consolidated Subsidiaries. Under these circumstance, the directors have not been able to obtain complete documentary information to satisfy themselves regarding the accounting treatments in respect of those transactions for the year ended 31 March 2017. As such, the results, assets and liabilities of the De-consolidated Subsidiaries have not been included into the consolidated financial statements of the Group since 1 April 2016.

The comparative figures of the unaudited condensed consolidated results have not been restated and the previous results of the Group for the period from 1 April 2016 to 30 September 2016 were included in the comparative figure, based on the books and records maintained by the De-consolidated Subsidiaries at the time.

### 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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements 2014-2016 Cycle	Disclosure of Interests in Other Entities

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

### 4. REVENUE AND SEGMENT INFORMATION

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

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

- (i) 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.

The operations (the financial quotation services and encryption technology and products) were discontinued during the year ended 31 March 2017. The segment information reported on the next pages does not include any amounts for these discontinued operations.



Due to 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 De-consolidated Subsidiaries. Given that it was impracticable for the directors of the Company to ascertain the segment information on mining operations, no representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the segment information on mining operations of the Company for the six months ended 30 September 2017 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 2017

#### Continuing operations

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

For the six months ended 30 September 2016

Continuing operations

	Money lending <i>HK\$</i> (unaudited)	Trading <i>HK\$</i> (unaudited)	Mining operations <i>HK\$</i> (unaudited)	Total <i>HK\$</i> (unaudited and restated)
Revenue	<u>12,018,434</u>	<u>93,238,559</u>	<u>3,056,300</u>	<u>108,313,293</u>
Gross profit	<u>12,018,434</u>	<u>747,506</u>	<u>3,056,300</u>	<u>15,822,240</u>
Segment profit/(loss)	<u>11,192,697</u>	<u>(248,531)</u>	<u>1,990,290</u>	12,934,456
Unallocated corporate income and gain				129,440
Unallocated corporate expenses				(12,039,318)
Finance costs				<u>(2,333,149)</u>
Loss before tax				<u>(1,308,571)</u>

Segment profit/(loss) before tax represents the profit/(loss) from each segment without allocation of directors' salaries, certain bank interest income, certain general and administrative expenses, 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 <b>30 September</b> <b>2017</b> <i>HK\$</i> <b>(unaudited)</b>	As at 31 March 2017 <i>HK\$</i> (audited)
<b>Segment assets</b>		
Money lending	<b>305,900,686</b>	235,708,888
Trading	<b>220,077,289</b>	145,926,521
Unallocated corporate assets	<b>17,308,352</b>	79,302,992
	<hr/>	<hr/>
Consolidated assets	<b>543,286,327</b>	460,938,401
	<hr/>	<hr/>
	As at <b>30 September</b> <b>2017</b> <i>HK\$</i> <b>(unaudited)</b>	As at 31 March 2017 <i>HK\$</i> (audited)
<b>Segment liabilities</b>		
Money lending	<b>4,736,902</b>	2,620,022
Trading	<b>110,030,239</b>	40,048,122
Unallocated corporate liabilities	<b>73,576,296</b>	73,947,859
	<hr/>	<hr/>
Consolidated liabilities	<b>188,343,437</b>	116,616,003
	<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, certain other receivables, deposits and prepayments, certain bank balances and cash and interest in an associate 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 2017 HK\$ (unaudited)	For the six months ended 30 September 2016 HK\$ (unaudited)
<b>Continuing operations</b>		
Effective interest expense on bonds	2,325,000	2,325,000
Effective interest expense on convertible bonds	–	8,149
Others	6	–
	<u>2,325,006</u>	<u>2,333,149</u>

## 6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 September 2017 HK\$ (unaudited)	For the six months ended 30 September 2016 HK\$ (unaudited and restated)
<b>Continuing operations</b>		
Amortisation of prepaid lease payment	–	50,987
Cost of inventories recognised as expense	325,694,805	92,491,053
Depreciation of property, plant and equipment	707,932	1,598,708
Minimum lease payment under operating leases in respect of land and buildings	2,276,998	1,972,965
Bank interest income	<u>(37,898)</u>	<u>(140,265)</u>

## 7. INCOME TAX EXPENSES

	For the six months ended 30 September 2017 HK\$ (unaudited)	For the six months ended 30 September 2016 HK\$ (unaudited)
Current tax:		
– The People’s Republic of China Enterprises Income Tax	–	513,371
– Hong Kong Profits Tax	<u>2,060,381</u>	<u>1,343,611</u>
	<b>2,060,381</b>	<b>1,856,982</b>
Deferred tax	<u>(32,001)</u>	<u>(41,783)</u>
	<b><u>2,028,380</u></b>	<b><u>1,815,199</u></b>

- (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 2017.
- (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. DISCONTINUED OPERATION

On 24 January 2017, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in Choudary Limited and its subsidiaries (“Choudary Group”) to an independent third party for a cash consideration of HK\$1,750,000. Choudary Group were engaged in the operation of providing financial quotation services and wireless application development. The disposal was effected in order to reduce the operating loss derived from this segment and generate cash flows for the expansion of the Group’s other business. Following the disposal of Choudary Group, the Group discontinued its operation in providing financial quotation services and wireless application development. The comparative unaudited condensed consolidated statement of profit or loss and other comprehensive income and related notes have been re-presented as if the operation discontinued during the period had been discontinued at the beginning of the comparative period.

	For the six months ended 30 September 2016 HK\$ (unaudited)
Loss for the period from discontinued operation	<u>1,506,509</u>

The results of the financial quotation services segment for the period from 1 April 2016 to 30 September 2016, which have been included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income were as follows:

	Period from 1 April 2016 to 30 September 2016 HK\$ (unaudited)
Revenue	12,498,403
Cost of sales	(7,563,415)
Other income	43,726
Selling and distribution expenses	(932,298)
Administrative expenses	<u>(5,552,925)</u>
Loss before tax	(1,506,509)
Income tax	<u>–</u>
Loss for the period	<u>(1,506,509)</u>
Loss for the period from discontinued operation attributable to:	
– owners of the Company	(768,320)
– non-controlling interests	<u>(738,189)</u>
	<u>(1,506,509)</u>

Loss for the period from discontinued operation included the following:

	Period from 1 April 2016 to 30 September 2016 HK\$ (unaudited)
Depreciation of property, plant and equipment	113,766
Wages and salaries	4,912,320
Defined contribution scheme	<u>20,335</u>

## 9. EARNINGS/(LOSS) PER SHARE

### For continuing and discontinued operations

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

	For the six months ended 30 September 2017 HK\$ (unaudited)	For the six months ended 30 September 2016 HK\$ (unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<u>5,430,872</u>	<u>(4,578,740)</u>
		(restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u>4,540,126,800</u>	<u>2,834,225,192</u>

For the six months ended 30 September 2016, the computation of diluted loss per share does not assume the conversion of the Company's convertible bonds since their exercise would result in a decrease in loss per share. The convertible bonds were converted during the year ended 31 March 2017.

### For continuing operations

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

	For the six months ended 30 September 2017 HK\$ (unaudited)	For the six months ended 30 September 2016 HK\$ (unaudited and restated)
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<u>5,430,872</u>	<u>(4,578,740)</u>
Less: Loss for the period from discontinued operation	<u>–</u>	<u>768,320</u>
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share from continuing operations	<u>5,430,872</u>	<u>(3,810,420)</u>

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

## For discontinued operation

Basic and diluted loss per share for the discontinued operation for the six months ended 30 September 2016 was 0.03 HK cents, based on the loss for the six months ended 30 September 2016 from the discontinued operation of HK\$768,320 and the denominators detailed above for both basic and diluted loss per share. There was no effect on the basic and diluted loss per share for the discontinued operation for the six months ended 30 September 2017.

## 10. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2017 and 2016, nor has any dividend been proposed since the end of the reporting periods.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired property, plant and equipment with a cost of HK\$332,028 (six months ended 30 September 2016: HK\$635,380).

Motor vehicle included in the property, plant and equipment with a carrying amount of HK\$275,550 was disposed of by the Group during the six months ended 30 September 2016 for cash proceeds of HK\$129,440, resulting a net loss on disposal of HK\$146,110.

## 12. INTANGIBLE ASSETS

	<b>Mining right and reserves HK\$</b>	<b>Exploration rights HK\$</b>	<b>Total HK\$</b>
At 1 April 2016 (audited)	302,929,294	2,151,491	305,080,785
De-consolidation of subsidiaries	<u>(302,929,294)</u>	<u>(2,151,491)</u>	<u>(305,080,785)</u>
<b>At 31 March 2017 (audited) and 30 September 2017 (unaudited)</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>

## 13. TRADE RECEIVABLES

	<b>As at 30 September 2017 HK\$ (unaudited)</b>	<b>As at 31 March 2017 HK\$ (audited)</b>
Trade receivables	<b><u>38,164,491</u></b>	<b><u>10,391,604</u></b>

Trade receivables in relation to trading of goods and commodities are having an average credit period of 90 days (31 March 2017: 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 <b>30 September</b> <b>2017</b> <i>HK\$</i> (unaudited)	As at 31 March 2017 <i>HK\$</i> (audited)
0 – 3 months	<b><u>38,164,491</u></b>	<b><u>10,391,604</u></b>

#### 14. LOAN AND INTEREST RECEIVABLES

	As at <b>30 September</b> <b>2017</b> <i>HK\$</i> (unaudited)	As at 31 March 2017 <i>HK\$</i> (audited)
Loan receivables, repayable within one year and classified as current asset:		
Secured	<b>86,000,000</b>	102,000,000
Unsecured	<b><u>196,600,000</u></b>	<u>128,400,000</u>
	<b>282,600,000</b>	230,400,000
Interest receivables	<b><u>3,007,906</u></b>	<u>1,503,888</u>
	<b><u>285,607,906</u></b>	<b><u>231,903,888</u></b>

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 45 days to 1 year (31 March 2017: 90 days to 1 year). The loans provided to customers bore fixed interest rate ranging from 1.0% – 2.4% per month (31 March 2017: 0.8% – 3%), 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 <b>30 September</b> <b>2017</b> <i>HK\$</i> (unaudited)	As at 31 March 2017 <i>HK\$</i> (audited)
Within 90 days	<b>85,207,906</b>	29,003,888
91 – 180 days	<b>14,000,000</b>	70,600,000
181 – 365 days	<b>107,800,000</b>	132,300,000
Over 365 days	<b>78,600,000</b>	–
	<b><u>285,607,906</u></b>	<b><u>231,903,888</u></b>

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

#### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at <b>30 September</b> <b>2017</b> <i>HK\$</i> (unaudited)	As at 31 March 2017 <i>HK\$</i> (audited)
Other receivables	<b>116,680,000</b>	67,509,817
Deposits	<b>897,815</b>	903,615
Prepayments	<b>63,159,672</b>	31,173,560
	<b><u>180,737,487</u></b>	<b><u>99,586,992</u></b>

#### 16. OTHER PAYABLES

	As at <b>30 September</b> <b>2017</b> <i>HK\$</i> (unaudited)	As at 31 March 2017 <i>HK\$</i> (audited)
Receipt in advance	<b>49,349,632</b>	13,950,050
Other payables and accrued charges	<b>63,519,332</b>	29,651,861
	<b><u>112,868,964</u></b>	<b><u>43,601,911</u></b>

## 17. SHARE CAPITAL

	No. of shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	20,000,000,000	200,000,000
Issued and fully paid:		
At 1 April 2016 (audited)	2,430,553,200	24,305,532
Issue of shares on placing ( <i>note (i)</i> )	724,242,000	7,242,420
Issue of shares upon conversion of convertible bonds ( <i>note (ii)</i> )	50,000,000	500,000
Issue of shares upon right issue ( <i>note (iii)</i> )	1,335,331,600	13,353,316
<b>At 31 March 2017 (audited) and 30 September 2017 (unaudited)</b>	<b>4,540,126,800</b>	<b>45,401,268</b>

### Notes:

- (i) On 1 February 2017, 534,132,000 shares of HK\$0.01 each were placed at a price of HK\$0.11 per share, raising total proceeds of HK\$57,285,642, net of direct expenses. The net proceeds which were originally intended to be used for the repayment of part of the bonds. The directors of the Company wish to update shareholders and the investing public that due to ongoing negotiation with the representatives of the holders of the bonds, the net proceeds of the January 2017 Placing were temporarily applied to short-term or repayable-on-demand loans to the Group's customers by way of treasury management. The Company is of the view that such short-term treasury management of the net proceeds will be able to generate interest income to offset the possible continual accruing of interest expenses on the bonds.

On 15 June 2016, 190,110,000 shares of HK\$0.01 each were placed at a price of HK\$0.09 per share, raising total proceeds of HK\$16,596,783, net of direct expenses. The net proceeds were used for financing the Group's money lending business.

- (ii) On 5 April 2016, conversion options of convertible bonds were exercised to subscribe 50,000,000 ordinary shares of the Company, in aggregate, with exercise price of HK\$0.12 per share, of which HK\$500,000 was credited to share capital and HK\$1,232,005 was transferred from carrying amount of the convertible bonds to the share premium.
- (iii) On 5 January 2017, pursuant to the rights issue on the basis of one rights share of HK\$0.11 each for every two shares held on the record date, 1,335,331,600 new shares were issued at HK\$0.11 per share, raising total proceeds of HK\$143,097,207, net of direct expenses. The net proceeds of the 2016 Rights Issue were actually used: (a) for the provision of a loan to Queensway Asia Limited ("Queensway") (as part of the Group's money lending business), as disclosed by the Company on 12 December 2016 and 12 January 2017; (b) for the capital injection into Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (as part of the Group's trading business); (c) for the establishment of a new investment entity in Hong Kong engaging in trading, marketing and supply-chain management, as disclosed by the Company on 12 December 2016; and (d) for the repayment of the bonds, if and required to do so and (ii) left for general working capital.

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

## 18. 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 2017 HK\$ (unaudited)	As at 31 March 2017 HK\$ (audited)
Within one year	3,237,654	3,292,784
In the second to fifth years inclusive	741,176	2,257,496
	<u>3,978,830</u>	<u>5,550,280</u>

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.

## 19. RELATED PARTY TRANSACTIONS

Key management compensation amounted to HK\$1,857,000 for the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$1,680,000).

## 20. EVENTS AFTER THE REPORTING PERIOD

1. The Company has entered into the subscription agreement with Yunnan Baiyao Holdings Company Limited (“Yunnan Baiyao Holdings”) on 7 September 2017, pursuant to which the Company has conditionally agreed to issue and allot, and Yunnan Baiyao Holdings has conditionally agreed to subscribe for, 908,025,360 shares (the “Subscription Share”), subject to the fulfillment of the conditions precedent set out in the subscription agreement, at the subscription price of HK\$0.22 per Subscription Share (the “Subscription”).

The gross proceeds and net proceeds from the Subscription amounted to approximately HK\$199.77 million and HK\$199 million, respectively. The Company intends to apply the net proceeds from the Subscription: (a) as to HK\$70 million for the development of personal care products business of the Group; (b) as to HK\$70 million for the money lending business of the Group; (c) as to HK\$30 million for the development of trading business; and (d) as to HK\$29 million for the Group’s general working capital.

The Subscription was subsequently completed on 27 October 2017.

2. Reference is made to the Company's announcements dated 12 December 2016, 12 January 2017 and 10 July 2017 in relation to the loan provided by Ban Loong Finance Company Limited ("Ban Loong Finance") to Queensway in the principal amount of HK\$70 million (the "Queensway Loan") in Ban Loong Finance's ordinary and usual course of business as a licensed money lender in Hong Kong. As disclosed in the Company's announcement dated 22 September 2017, Ban Loong Finance and Queensway entered into the second loan renewal agreement (the "Second Loan Renewal Agreement") pursuant to which the Company originally intended to extend the maturity date of the Queensway Loan for a further term of 12 months from 27 October 2017 to 26 October 2018, subject to the obtaining of shareholders' approval at a special general meeting of the Company. The long stop date for the satisfaction of the conditions to the Second Loan Renewal Agreement ("Long Stop Date") was 27 October 2017. However, as disclosed in the Company's announcement dated 3 November 2017, Ban Loong Finance received a notice from Queensway not to extend the Long Stop Date and accordingly, the Second Loan Renewal Agreement lapsed and the Queensway Loan became repayable on 27 October 2017. Since then, Ban Loong Finance has been in negotiation with Queensway in respect of the repayment schedule of the Queensway Loan. Up to the date of this announcement, Ban Loong Finance has already received partial repayment from Queensway in the amount of HK\$25 million. Further announcement(s) will be made by the Company regarding the status of the repayment of the Queensway Loan as and when appropriate.
3. Ban Loong Finance and a borrower entered into the Loan Renewal Agreement on 16 November 2017, pursuant to which the Ban Loong Finance agreed to renew the loan in the aggregate principal amount of HK\$20 million to be repayable on 26 November 2018. For further details, please refer to the Company's announcement dated 16 November 2017.

## **21. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to current period's presentation.

## **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 2017 were highlighted as follows:

- Revenue during the six months ended 30 September 2017 was HK\$351.5 million, representing an increase of approximately 224.5% from HK\$108.3 million in previous interim period. The increase was mainly attributable to (i) increase in income from money lending segment due to increase in number of borrowers and the expansion of lending ability of the Group; and (ii) increase in the trading volume of trading segment during the six months ended 30 September 2017.
- Gross profit amounted to HK\$25.8 million during the six months ended 30 September 2017, representing an increase of 62.8% from HK\$15.8 million in previous interim period. Gross profit margin was 7.3% in the current interim period, while the gross profit margin was 14.6% in the previous interim period. Gross profit margin was a weighted average figure of all active operating segments. Money lending segment, which with high gross profit margin, was the main contributor of gross profit during the six months ended 30 September 2017. The overall margin was diluted, especially by the trading segment where the gross profit margin was relatively thin.
- Profit of the Group for the six months ended 30 September 2017 increased to HK\$5.4 million, as compared to loss of HK\$4.6 million in the previous interim period. 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.

## BUSINESS REVIEW

During the six months ended 30 September 2017, the Group's operations involved in 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 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. 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 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. As restricted by the available financial resources of the Group, Ban Loong Finance does not conduct business in retail level. Potential borrowers were sought from the social and business networks of the management 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 2017, the business performance of the money lending segment was summarized below:

– Aggregate amount of lending	HK\$111.7 million (2016: HK\$25.6 million)
– Total number of lending	17 (2016: 4)
– Range of effective annual percentage rate ("APR")	12.7%-42.6% (2016: 12.7%-34.5%)
– Weighted average APR	21% (2016: 15%)

During the six months ended 30 September 2017, revenue generated from the segment, contributed essentially by interest received and accrued, increased from approximately HK\$12.0 million in previous interim period to approximately HK\$20.5 million.

### **Trading Segment**

Wan Long Xing Ye carried out trading of goods and commodities business in China. During the six months ended 30 September 2017, Wan Long Xing Ye mainly engaged in the trading of refined edible oil. During the six months ended 30 September 2017, trading revenue amounted to approximately HK\$330.9 million (2016: HK\$93.2 million), whereas trading of 52,854 tonnages (2016: 17,965 tonnages) of refined edible oil were completed.

### **The Mining Operations Segment**

The mining operations of the Group is owned by Jun Qiao Limited (晉翹有限公司) (“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”), which in turn owns 90% of the equity interest in Tong Bai County Yin Di Mining Company Limited (“Yin Di Mining”), a limited liability company established in the PRC. Yin Di Mining owns (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 is made to the Company’s announcements dated 15 January 2017, 22 January 2017 and 1 February 2017 (the “Mining Litigation Announcements”) and the Company’s annual report for the year ended 31 March 2017 (the “2017 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 and the 2017 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 was frozen and the 90% equity holding in Yin Di Mining held by Jinfuyuan Mining. 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. Based on the legal advice currently obtained by the Group, the Group should have sufficient evidential bases to successfully overturn the judgments made by the Zhengzhou Court and to recover the Mining Assets.

## **SELLING AND DISTRIBUTION EXPENSES**

The Group incurred selling and distribution expenses of approximately HK\$0.5 million during the six months ended 30 September 2017 (2016: nil).

## **GENERAL AND ADMINISTRATIVE EXPENSES**

During the six months ended 30 September 2017, the Group's general and administrative expenses (which mainly comprises legal and professional fees, salaries, directors' fees and office rentals) amounted to approximately HK\$15.5 million (2016: HK\$14.9 million), which were 3.9% higher than that in previous interim period.

## **FINANCE COSTS**

Finance costs during the six months ended 30 September 2017, was almost the same as that in 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 2017, income tax expenses amounted to HK\$2.0 million (2016: HK\$1.8 million) were incurred. The increase in the income tax expenses was mainly because of the increase of profit generated from the money lending segment during the current interim period.

## EARNINGS/(LOSS) PER SHARE

During the six months ended 30 September 2017, the basic and diluted earnings per share from continuing operations amounted to 0.12 HK cents, which turnaround from the basic and diluted loss per share from continuing operations amounted to 0.13 HK cents (restated) in the previous interim period.

## TRADE RECEIVABLES

The Group's trade receivables as at 30 September 2017 amounted to approximately HK\$38.2 million which represented an increase of approximately HK\$27.8 million as comparing with the trade receivables of approximately HK\$10.4 million as at 31 March 2017. The change was mainly contributed by the increase in revenue in the trading segment. The management did not foresee any recoverability problem as most of the amount has been settled as at the announcement date. The management will constantly review the ageing and credit standing of customers to ensure trade receivables can be fully recovered.

## OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	<b>As at 30 September 2017 HK\$ (unaudited)</b>	<b>As at 31 March 2017 HK\$ (audited)</b>
Other receivables	<b>116,680,000</b>	67,509,817
Deposits	<b>897,815</b>	903,615
Prepayments	<b>63,159,672</b>	31,173,560
	<b><u>180,737,487</u></b>	<b><u>99,586,992</u></b>

The increase in the overall balance was due to some short-term interest-free advances to certain independent third parties and staff amounted to HK\$109,587,195 (31 March 2017: HK\$62,261,126).

## **FINANCIAL POSITION**

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from HK\$344.7 million to HK\$354.4 million. Total assets increased by 17.9% to HK\$543.3 million mainly due to (i) increase in trade receivables, prepayments and other receivables for supporting increase in trading volume of trading segment and (ii) the increase in loan and interest receivables because of the increase of overall loan portfolio size. Net assets increased by 3.1% to HK\$354.9 million was primarily due to the profit incurred during the current interim period.

As at 30 September 2017, the Group had outstanding unsecured 5.5% per-annum 7-years (i.e. 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 is 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. The Company will be advised by its legal advisers in upholding its right in matters relating to the incidents arising from the First Civil Ruling, the Second Civil Judgment, the Enforcement Order and the Bonds.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2017, the Group's cash and cash equivalents amounted to HK\$34.0 million (31 March 2017: HK\$114.3 million).

As at 30 September 2017, the Group had outstanding Bonds with aggregate principal sum of HK\$70 million. Under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company 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. The directors of the Company considered that the Group does not have an unconditional right to defer settlement of the Bonds for at least 12 months after the reporting period and hence classified the Bonds as current liabilities.

During the year ended 31 March 2017, 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 was advised by its legal advisers in upholding its right in matters relating to the incidents arising from the First Civil Ruling, the Second Civil Judgment, the Enforcement Order and the Bonds.

	<b>As at 30 September 2017</b>	As at 31 March 2017
Current ratio (current assets/current liabilities)	<b>2.86 times</b>	3.9 times
Gearing ratio (total liabilities/total assets)	<b><u>35%</u></b>	<u>25%</u>

## **SHARE CAPITAL**

As at 30 September 2017, the total number of issued ordinary shares of the Company was 4,540,126,800 shares (31 March 2017: 4,540,126,800 shares).

## **ACTUAL USE OF PROCEEDS OF PAST EQUITY FUND-RAISING ACTIVITIES**

### **Placing of New Shares under Refreshed General Mandate**

The Company has entered into the subscription agreement with Yunnan Baiyao Holdings Company Limited (“Yunnan Baiyao Holdings”) on 7 September 2017, pursuant to which the Company has conditionally agreed to issue and allot, and Yunnan Baiyao Holdings has conditionally agreed to subscribe for, 908,025,360 shares (the “Subscription Share”), subject to the fulfillment of the conditions precedent set out in the subscription agreement, at the subscription price of HK\$0.22 per Subscription Share (the “Subscription”).

The gross proceeds and net proceeds from the Subscription amounted to approximately HK\$199.77 million and HK\$199 million, respectively. The Company intends to apply the net proceeds from the Subscription: (a) as to HK\$70 million for the development of personal care products business of the Group; (b) as to HK\$70 million for the money lending business of the Group; (c) as to HK\$30 million for the development of trading business of the Group; and (d) as to HK\$29 million for the Group’s general working capital.

The Subscription was subsequently completed on 27 October 2017.

For further details, please refer to the Company's announcements dated 9 September 2017 and 27 October 2017.

## **EVENTS AFTER THE REPORTING PERIOD**

1. As detailed in the section "ACTUAL USE OF PROCEEDS OF PAST EQUITY FUND-RAISING ACTIVITIES", the Subscription was subsequently completed on 27 October 2017.
2. Reference is made to the Company's announcements dated 12 December 2016, 12 January 2017 and 10 July 2017 in relation to the loan provided by Ban Loong Finance to Queensway Asia Limited ("Queensway") in the principal amount of HK\$70 million (the "Queensway Loan") in Ban Loong Finance's ordinary and usual course of business as a licensed money lender in Hong Kong. As disclosed in the Company's announcement dated 22 September 2017, Ban Loong Finance and Queensway entered into the second loan renewal agreement (the "Second Loan Renewal Agreement") pursuant to which the Company originally intended to extend the maturity date of the Queensway Loan for a further term of 12 months from 27 October 2017 to 26 October 2018, subject to the obtaining of shareholders' approval at a special general meeting of the Company. The long stop date for the satisfaction of the conditions to the Second Loan Renewal Agreement ("Long Stop Date") was 27 October 2017. However, as disclosed in the Company's announcement dated 3 November 2017, Ban Loong Finance received a notice from Queensway not to extend the Long Stop Date and accordingly, the Second Loan Renewal Agreement lapsed and the Queensway Loan became repayable on 27 October 2017. Since then, Ban Loong Finance has been in negotiation with Queensway in respect of the repayment schedule of the Queensway Loan. Up to the date of this announcement, Ban Loong Finance has already received partial repayment from Queensway in the amount of HK\$25 million. Further announcement(s) will be made by the Company regarding the status of the repayment of the Queensway Loan as and when appropriate.
3. Ban Loong Finance and a borrower entered into the Loan Renewal Agreement on 16 November 2017, pursuant to which the Ban Loong Finance agreed to renew the loan in the aggregate principal amount of HK\$20 million to be repayable on 26 November 2018. For further details, please refer to the Company's announcement dated 16 November 2017.

There were no other significant events that have occurred subsequent to the end of the reporting period.

## **PLEDGE OF ASSETS**

As at 30 September 2017, no assets of the Group were pledged to secure general banking facilities granted to the Group.

## **CAPITAL COMMITMENTS**

As at 30 September 2017, the Group had no material capital commitments.

## **CONTINGENT LIABILITIES**

As at 30 September 2017, the Group had no material contingent liabilities.

## **FOREIGN EXCHANGE EXPOSURE**

Most of the operations and trading transaction, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. During the six months ended 30 September 2017, 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 interim period end and during the interim period, the Group had no foreign exchange contracts, interest or currency swaps, or other financial derivatives for hedging purposes.

## **COMMODITY PRICE RISK**

The price of the Group's products of the mining operations 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 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 2017, the Group had 25 employees (31 March 2017: 25 employees). Total salaries, commissions, incentives and all other staff related costs incurred for the six months ended 30 September 2017 amounted to approximately to HK\$4.1 million (2016: HK\$6.7 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds, life insurance and medical assistance benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

## **PROSPECTS**

### **Money Lending Business**

During and subsequent to the six months ended 30 September 2017, the Group has made several short-term loans to customers. These customers are mainly corporations or individuals who either have stable business track records or reasonable assets backing, with careful assessment by the Group on the cost and benefit analysis by comparing the rate of return and the risk exposure. Depending on risk assessment, the Group may request customers to provide adequate guarantees before releasing the loans. 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 has planned for an increase of overall loan portfolio size to achieve better economy of scale and efficiency optimisation.

The management expected the money lending segment will remain as one of the major revenue and profit contributors of the Group in the coming years.

### **Trading Segment**

Wan Long Xing Ye is the flagship company of the Group in the PRC which engages in the domestic trading of goods and commodities in the PRC. At present, it trades mainly refined edible oil. The Group intends to 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 has planned to broaden the categories of goods traded and increase the size of trading volume with a view to achieving economy of scale and improving the gross profit margin. The segment is expecting to remain as the main revenue contributor of the Group in the coming years.

As disclosed in the Company's announcement dated 23 February 2017, the Company entered into a joint venture agreement (the "JV Agreement") with Yunnan Baiyao Qingyitang Industry Co., Ltd. (雲南白藥清逸堂實業有限公司) ("Yunnan Baiyao Qingyitang") in relation to the establishment of a joint venture company (the "JV Company") to cooperate on the market development of Yunnan Baiyao Qingyitang's products and other personal care products in Asean countries. The JV Company will be owned as to 60% by the Company and 40% by Yunnan Baiyao Qingyitang. The initial size of investment of the JV Company will be RMB2 million (approximately HK\$2.3 million).

Yunnan Baiyao Qingyitang is a limited liability company established in the People's Republic of China (the "PRC") which is principally engaged in the manufacture and sale of personal care products and other household products. Yunnan Baiyao Qingyitang is a 40% owned subsidiary of Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司) ("Yunnan Baiyao Group"). Yunnan Baiyao Group is a joint stock limited liability company established in the PRC whose A shares are listed on the Shenzhen Stock Exchange with stock code: 000538.

The management considers the entering into of the JV Agreement is consistent with the Group's strategy to diversify the product range of its trading business. Under China's initiative of "One Belt One Road", the Company is optimistic with the cooperation with Yunnan Baiyao Group in the joint development of the personal care products market in Asean countries.

The JV Company has not yet commenced business up to the date of this announcement.

## **The Mining Operations**

During the six months ended 30 September 2017, 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. Based on the legal advice currently obtained by the Group, the Group should have sufficient evidential bases to successfully overturn the judgments made by the Zhengzhou Court.

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 segmental results of the mining operations segment of the Group had not been performing well in the past few years.



The Company was advised by its legal advisers in upholding its right in matters relating to the incidents arising from the First Civil Ruling, the Second Civil Judgment and the Enforcement Order.

On 28 September 2017, the retrial application made by the Company was accepted by the Henan Higher People's Court in relation to the Second Civil Judgment and Enforcement Order. The first hearing was held on 23 October 2017 and the second hearing date was fixed on 30 November 2017.

## **Other**

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

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

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the 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 with effect from 1 April 2012 (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 2017 except for the following deviation:

### **Code Provision A.2.1**

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

The Board considers that vesting the roles of 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 27 September 2017 (the "2017 AGM") and one NED and one INED were unable to attend the 2017 AGM due to their other business engagements.

### **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 2017 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 2017/2018 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, 27 November 2017

*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