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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)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

The board (the “Board”) of directors (the “Directors”) of Ban Loong Holdings Limited (the “Company”) hereby announces that the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2021 as follows:

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

For the year ended 31 March 2021

	<i>Notes</i>	2021 HK\$	2020 HK\$
Revenue	4	1,216,714,366	1,162,153,635
Cost of sales		(1,120,319,204)	(1,054,070,055)
Gross profit		96,395,162	108,083,580
Other income and gain		1,713,658	61,638
Net allowance for expected credit losses		(11,375,238)	(721,519)
Share of result of an associate		(13,961)	(149,827)
Selling and distribution expenses		(2,418,259)	(898,957)
Impairment on investment in an associate		(214,289)	–
General and administrative expenses		(45,828,578)	(41,287,842)
Finance costs	5	(18,023,964)	(4,984,168)
Profit before tax	6	20,234,531	60,102,905
Income tax expenses	8	(7,024,278)	(10,534,043)
Profit for the year		13,210,253	49,568,862

	<i>Note</i>	2021 HK\$	2020 HK\$
Other comprehensive income/(expense) for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>16,048,429</u>	<u>(13,794,531)</u>
Other comprehensive income/(expense) for the year		<u>16,048,429</u>	<u>(13,794,531)</u>
Total comprehensive income for the year		<u><u>29,258,682</u></u>	<u><u>35,774,331</u></u>
Profit/(loss) for the year attributable to:			
Owners of the Company		<u>13,207,234</u>	49,573,533
Non-controlling interests		<u>3,019</u>	<u>(4,671)</u>
		<u><u>13,210,253</u></u>	<u><u>49,568,862</u></u>
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		<u>29,255,663</u>	35,779,002
Non-controlling interests		<u>3,019</u>	<u>(4,671)</u>
		<u><u>29,258,682</u></u>	<u><u>35,774,331</u></u>
Earnings per share			
– Basic and diluted (HK cents)	9	<u><u>0.20</u></u>	<u><u>0.77</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021	2020
		<i>HK\$</i>	<i>HK\$</i>
Non-current assets			
Property, plant and equipment		2,361,718	3,350,687
Right-of-use assets		15,072,472	13,225,040
Investment in an associate		–	228,250
Loan receivables	<i>11</i>	303,191	562,274
Deferred tax assets		2,167,191	359,954
		<u>19,904,572</u>	<u>17,726,205</u>
Current assets			
Inventories		16,343,625	13,394,914
Trade receivables	<i>10</i>	7,561,423	22,800,777
Loan and interest receivables	<i>11</i>	529,709,844	531,302,686
Other receivables, deposits and prepayments		602,312,870	364,320,021
Amount due from a shareholder		15,535,030	10,425,788
Bank balances and cash		251,236,954	7,027,960
		<u>1,422,699,746</u>	<u>949,272,146</u>
Current liabilities			
Trade and other payables	<i>12</i>	28,186,258	45,638,191
Contract liabilities		33,866,293	23,683,820
Lease liabilities		8,186,810	8,313,293
Tax payable		10,091,657	14,357,969
Bonds		19,954,171	69,229,000
		<u>100,285,189</u>	<u>161,222,273</u>
Net current assets		<u>1,322,414,557</u>	<u>788,049,873</u>
Total assets less current liabilities		<u>1,342,319,129</u>	<u>805,776,078</u>

	<i>Note</i>	2021 HK\$	2020 <i>HK\$</i>
Capital and reserves			
Share capital	<i>13</i>	64,481,522	64,481,522
Reserves		786,674,389	735,327,250
		<hr/>	<hr/>
Equity attributable to owners of the Company		851,155,911	799,808,772
Non-controlling interests		923,228	920,209
		<hr/>	<hr/>
Total equity		852,079,139	800,728,981
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities		7,025,637	5,047,097
Convertible bond		478,709,119	–
Deferred tax liabilities		4,505,234	–
		<hr/>	<hr/>
		490,239,990	5,047,097
		<hr/>	<hr/>
		1,342,319,129	805,776,078
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The Group is principally engaged in money lending business and trading of goods and commodities and Cannabidiol (“CBD”) isolate.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the current year for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	– Definition of Material
Amendments to HKFRS 3	– Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	– Interest Rate Benchmark Reform

The application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

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

4 Effective for annual periods beginning on or after 1 June 2020.

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

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

3. BASIS OF PREPARATION (CONTINUED)

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

During the year, the Company commenced the business engaging in trading of CBD isolate and it is considered as a new operating and reporting segment by the CODM.

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) Trading segment engages in the trading of CBD isolate.

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments:

For the year ended 31 March 2021

	Money lending HK\$	Trading of goods and commodities HK\$	Trading of CBD isolate HK\$	Total HK\$
Revenue	<u>87,780,178</u>	<u>1,126,176,789</u>	<u>2,757,399</u>	<u>1,216,714,366</u>
Segment profit/(loss)	<u>73,513,121</u>	<u>7,584,509</u>	<u>(8,623,878)</u>	72,473,752
Unallocated corporate income and gain				1,393,690
Unallocated corporate expenses				(35,608,947)
Finance cost				<u>(18,023,964)</u>
Profit before tax				<u>20,234,531</u>

For the year ended 31 March 2020

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the current year (2020: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of directors' salaries, certain bank interest income included in other income and gain, gain/(loss) on disposal of property, plant and equipment, impairment on investment in an associate, certain general and administrative expenses, share of result of an associate and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Segment assets		
Money lending	614,761,860	534,227,942
Trading of goods and commodities	652,286,851	401,709,937
Trading of CBD isolate	5,499,655	–
Unallocated corporate assets	<u>170,055,952</u>	<u>31,060,472</u>
Consolidated assets	<u>1,442,604,318</u>	<u>966,998,351</u>

	2021	2020
	HK\$	HK\$
Segment liabilities		
Money lending	9,054,701	12,781,214
Trading of goods and commodities	54,562,885	69,770,783
Trading of CBD isolate	2,594,915	–
Unallocated corporate liabilities	524,312,678	83,717,373
	<hr/>	<hr/>
Consolidated liabilities	590,525,179	166,269,370
	<hr/> <hr/>	<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 right-of-use assets, investment in an associate, certain other receivables, deposits and prepayments and certain bank balances and cash which are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, convertible bond, bonds, deferred tax liabilities and certain lease liabilities which are managed on a group basis.

In measuring the Group's segment assets and liabilities, deferred tax assets of HK\$2,167,191 (2020: HK\$357,861) were allocated to money lending segment and no deferred tax asset (2020: HK\$2,093) was allocated to trading of goods and commodities segment. However, the relevant income tax expenses of HK\$7,024,278 (2020: HK\$10,534,043) was not included in the measurement of segment results.

Other segment information

For the year ended 31 March 2021

	Money lending <i>HK\$</i>	Trading of goods and commodities <i>HK\$</i>	Trading of CBD isolate <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
Amounts include in the measure of segment results or segment assets:					
Depreciation of property, plant and equipment	65,855	119,409	390,500	714,174	1,289,938
Depreciation of right-of-use assets	502,447	568,177	1,068,770	7,040,665	9,180,059
Additions to non-current assets (Note)	1,062,062	8,324	2,973,693	7,257,474	11,301,553
Bank interest income	–	16,481	215	126,179	142,875
Allowance for expected credit losses ("ECL") on trade receivables	–	24,787	–	–	24,787
Reversal of allowance for ECL on trade receivables	–	(235,372)	–	–	(235,372)
Allowance for ECL on other receivables	366	770,890	–	–	771,256
Allowance for ECL on loan receivables	11,153,999	–	–	–	11,153,999
Reversal of allowance for ECL on loan receivables	(339,432)	–	–	–	(339,432)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 March 2020

	Money lending HK\$	Trading of goods and commodities HK\$	Unallocated HK\$	Total HK\$
Amounts include in the measure of segment results or segment assets:				
Depreciation of property, plant and equipment	55,378	354,345	820,438	1,230,161
Depreciation of right-of-use assets	503,378	1,560,432	6,472,160	8,535,970
Additions to non-current assets (Note)	–	1,055,793	13,408,022	14,463,815
Bank interest income	–	10,555	8,985	19,540
Allowance for ECL on trade receivables	–	218,750	–	218,750
Reversal of allowance for ECL on trade receivables	–	(428,421)	–	(428,421)
Allowance for ECL on other receivables	–	225,084	–	225,084
Reversal of allowance for ECL on other receivables	–	(34,135)	–	(34,135)
Allowance for ECL on loan receivables	814,320	–	–	814,320
Reversal of allowance for ECL on loan receivables	(74,079)	–	–	(74,079)
	<u>55,378</u>	<u>354,345</u>	<u>820,438</u>	<u>1,230,161</u>

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

Revenue from major products and services

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

	2021 HK\$	2020 HK\$
Revenue from money lending	87,780,178	89,701,100
Revenue from trading of goods and commodities	1,126,176,789	1,072,452,535
Revenue from trading of CBD isolate	2,757,399	–
	<u>1,216,714,366</u>	<u>1,162,153,635</u>

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Geographical information

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

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

	Hong Kong		PRC (excluding Hong Kong)		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
For the year ended 31 March								
Segment revenue	<u>310,509,088</u>	<u>300,946,205</u>	<u>903,447,879</u>	<u>859,969,804</u>	<u>2,757,399</u>	<u>1,237,626</u>	<u>1,216,714,366</u>	<u>1,162,153,635</u>
At 31 March								
Non-current assets	<u>18,766,325</u>	<u>16,310,931</u>	<u>1,138,247</u>	<u>1,187,024</u>	<u>-</u>	<u>-</u>	<u>19,904,572</u>	<u>17,497,955</u>

Information about major customers

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

	2021 HK\$	2020 HK\$
Customer A ¹	675,656,836	322,319,007
Customer B ¹	N/A²	307,858,206

¹ Revenue from trading of goods and commodities.

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

5. FINANCE COSTS

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Effective interest expense on bonds	4,262,500	4,650,000
Effective interest expense on convertible bond	13,198,946	–
Interest on lease liabilities	562,518	334,168
	<u>18,023,964</u>	<u>4,984,168</u>

6. PROFIT BEFORE TAX

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

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Auditors' remuneration	1,100,000	1,300,000
Cost of inventories recognised as expense	1,120,319,204	1,054,070,055
Depreciation of right-of-use assets	9,180,059	8,535,970
Depreciation of property, plant and equipment	1,289,938	1,230,161
(Gain)/loss on disposal of property, plant and equipment	(177,905)	48,949
Allowance for ECL on trade receivables	24,787	218,750
Reversal of allowance for ECL on trade receivables	(235,372)	(428,421)
Allowance for ECL on other receivables	771,256	225,084
Reversal of allowance for ECL on other receivables	–	(34,135)
Allowance for ECL on loan receivables	11,153,999	814,320
Reversal of allowance for ECL on loan receivables	(339,432)	(74,079)
Employee benefit expenses	15,614,480	15,685,144
Expenses relating to short-term lease	196,800	132,800
	<u>196,800</u>	<u>132,800</u>

7. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

8. INCOME TAX EXPENSES

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Current tax:		
– Hong Kong Profits Tax	9,765,494	9,913,733
– PRC Enterprise Income Tax	251,608	719,346
Deferred tax	<u>(2,992,824)</u>	<u>(99,036)</u>
	<u>7,024,278</u>	<u>10,534,043</u>

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

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25% from 1 January 2008 onwards.

9. EARNINGS PER SHARE

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

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	13,207,234	49,573,533
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	6,448,152,160	6,448,152,160

For the year ended 31 March 2021, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bond since the conversion of the outstanding convertible bond would result in increase in earnings per share. There was no potential dilutive share in existence during the year ended 31 March 2020.

10. TRADE RECEIVABLES

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables	7,586,210	23,036,149
Less: Allowance for ECL	(24,787)	(235,372)
	<u>7,561,423</u>	<u>22,800,777</u>

Trade receivables are granted an average credit period of 90 days (2020: 90 days).

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

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
0 – 90 days	<u>7,586,210</u>	<u>23,036,149</u>

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

11. LOAN AND INTEREST RECEIVABLES

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Loan receivables		
Secured	279,922,283	342,369,052
Unsecured	258,191,586	176,015,612
	538,113,869	518,384,664
Interest receivables	3,772,777	14,539,340
	541,886,646	532,924,004
Less: Allowance for ECL	(11,873,611)	(1,059,044)
	<u>530,013,035</u>	<u>531,864,960</u>

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

	2021	2020
	HK\$	HK\$
Within one year	537,810,678	517,822,390
Two to five years	303,191	562,274
	538,113,869	518,384,664
Carrying amount analysed for reporting purpose:		
Current assets	529,709,844	531,302,686
Non-current assets	303,191	562,274
	530,013,035	531,864,960

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 3 months to 5 years (2020: 30 days to 5 years). The loans provided to customers bore fixed interest rate ranging from 1% – 2.4% (2020: 1% – 2.4%) per month, depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid in monthly basis while the principal amounts are repayable on maturity.

The following is an aged analysis of loan and interest receivables, net of allowance of ECL, presented based on the dates which loans are granted to borrowers and interests are accrued.

	2021	2020
	HK\$	HK\$
Within 90 days	169,410,827	284,275,687
91 – 180 days	112,377,087	71,538,755
181 – 365 days	157,423,447	175,194,594
Over 365 days	90,801,674	855,924
	530,013,035	531,864,960

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements. At 31 March 2021 and 2020, all the loan and interest receivables are neither past due nor impaired and represented loans granted to creditworthy borrowers for whom there were no recent history of default.

12. TRADE AND OTHER PAYABLES

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Trade payables (Note)	15,536,915	42,556,625
Other payables and accrued charges	<u>12,649,343</u>	<u>3,081,566</u>
	<u>28,186,258</u>	<u>45,638,191</u>

Note: The credit period for trade payables ranging from 45 to 180 days (2020: 45 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
0 to 30 days	9,157,356	26,082,596
31 to 60 days	5,014,980	12,736,358
61 to 90 days	<u>1,364,579</u>	<u>3,737,671</u>
	<u>15,536,915</u>	<u>42,556,625</u>

13. SHARE CAPITAL

	2021		2020	
	No. of shares	Amount <i>HK\$</i>	No. of shares	Total <i>HK\$</i>
Authorised:				
Ordinary shares of HK\$0.01 each	<u>20,000,000,000</u>	<u>200,000,000</u>	<u>20,000,000,000</u>	<u>200,000,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At beginning and end of the year	<u>6,448,152,160</u>	<u>64,481,522</u>	<u>6,448,152,160</u>	<u>64,481,522</u>

14. EVENTS AFTER THE REPORTING PERIOD

- (i)** The Group is in the progress of preparing for its entry into the hemp cultivation industry and setting up its hemp cultivation plantation. On 23 April 2021, the Company entered into a non-legally binding Memorandum of Understanding with Yunnan Baiyao Group, to establish a joint venture company (“JV Company”) which will be engaged in relevant businesses in the value chain and supply chain of industrial hemp.

Subject to compliance with the relevant PRC laws and regulations, the Company agreed to and to procure its subsidiaries to, be in charge and responsible for the overall coordination of all significant matters involved in the industrial hemp cultivation, including conducting research and making decision on the type of industrial hemp to be cultivated and the demand, formulating the overall timetable for the industrial hemp cultivation, carrying out the maintenance of the plantation and the equipment, conducting the overall sale and promotion of industrial hemp products and employing relevant personnel for the implementation of the aforesaid in the JV Company. Yunnan Baiyao Group agreed to and to procure its subsidiaries to, provide assistance to the JV Company in the hemp cultivation activities according to the instructions provided by the Group, including providing assistance in the production and preparation of industrial hemp raw materials, assisting in the allocation of facilities, operation, and the overall management of resources in order to complete the industrial hemp cultivation, assisting in the introduction of other types of hemp seeds for research and development purpose, producing and developing the end products that contain cannabinoids and industrial hemp, providing support for the marketing of related products, and ensuring that all industrial hemp planting and related activities are carried out with relevant approval, licence and permit and complying with the relevant PRC laws and regulations.

The Company and Yunnan Baiyao Group shall negotiate for the terms and conditions of the proposed formation of the JV Company and the definitive agreement no later than 30 July 2021.

Details please refer to announcement dated on 26 April 2021.

- (ii)** During the period between 14 November 2017 and 8 June 2020, Ban Loong Finance Company Limited (a wholly-owned subsidiary of the Company, the “Lender”) has granted loans in the aggregate principal amount of HK\$94.0 million (the “Loans”) to five independent borrowers (the “Borrowers”).

The Lender has negotiated with the Borrowers and a final grace period of 14 days has been given to the Borrowers for repayment of the Loans. The Company is seeking legal advice as to how to further protect its interest in connection with the above. Further announcements shall be made as and when applicable.

Details please refer to announcement dated on 29 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The financial results of Ban Loong Holdings Limited (the “Company”) and its subsidiaries (collectively as the “Group”) for the year ended 31 March 2021 were highlighted as follows:

- Revenue during the year ended 31 March 2021 (“2020/2021”) was HK\$1,216.7 million, representing an increase of approximately 4.7% from HK\$1,162.2 million in the year ended 31 March 2020 (“2019/2020”). The increase was mainly attributable to an increase in income from trading segment which was mainly due to the increase in purchase order placed by the Group’s trading customers.
- Gross profit amounted to HK\$96.4 million during 2020/2021, representing a decrease of approximately 10.8% from HK\$108.1 million in 2019/2020. Gross profit margin was 7.9% in 2020/2021, while the gross profit margin was 9.3% in 2019/2020. The decrease in profit margin was due to the comparatively low profit margin of the trading of Cannabidiol (“CBD”) isolate at the initial stage.
- Profit of the Group for 2020/2021 and 2019/2020 was HK\$13.2 million and HK\$49.6 million respectively. The decrease in profit was mainly due to a decrease in profit margin of trading segment; an increase in net allowance for expected credit losses; and an increase in finance costs due to the issuance of the convertible bond.

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

FINAL DIVIDEND

The board (the “Board”) of the directors (the “Directors”) of the Company did not propose a final dividend for the year ended 31 March 2021 (2019/2020: nil).

BUSINESS REVIEW

Starting from this year, the Group's operations are divided into three identifiable business segments, namely, the money lending segment, the trading of goods and commodities segment and CBD isolate segment. The money lending segment refers to the money lending business in Hong Kong which is conducted by Ban Loong Finance Company Limited ("Ban Loong Finance"), a wholly-owned subsidiary of the Company which is a licensed money lender in Hong Kong. The trading segment refers to (i) the trading of goods and commodities in the People's Republic of China (the "PRC") conducted 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; (ii) the trading of goods and commodities in Hong Kong conducted by Wan Long Xing Ye Commercial Trading (Hong Kong) Limited ("Wan Long Xing Ye HK"), a wholly-owned subsidiary of the Company and (iii) the trading of CBD isolate conducted by Ban Loong Hemp Technology Limited ("Ban Loong Hemp"), a wholly-owned subsidiary of the Company.

Money lending segment

Ban Loong Finance is a licensed money lender to carry out money lending business in Hong Kong. Its business primarily focuses on short-term personal and corporate loans. To maintain credit control efficiency, Ban Loong Finance does not currently conduct business at retail level. Potential borrowers were sought from the social and business networks of the management and marketing team. Our money lending business is managed by a team of experienced personnel including loan officers, reviewing officers and other management members who possess sound financial and business knowledge. To safeguard assets of the Group, the management and credit control team review and assesses the credit risk of each loan application carefully to ensure recoverability of each lending. Generally speaking, in order to facilitate the management's continual monitoring of the financial stability of borrowers, borrowers would be requested to pay interest monthly. The Company has put in place clear credit policies, guidelines, controls and procedures covering the entire life cycle of each loan transaction, which are summarised as follows:

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

- (2) Loan approval: Based on the application, the loan officer makes a recommendation on the loan size, term and interest rate based on the results of the background checking stage. Factors being taken into account in considering the loan application include: (a) the Group’s assessment on the financial means of the applicant, both in terms of his/her annual income and asset base; (b) the macro-economy and the latest trend of interest rate; and (c) the availability of personal guarantee and/or provision of collateral to fortify the repayment obligations. The proposal will be submitted to the reviewing officer of the department. For renewal of applications of existing customers, the customer interview procedure will be proceeded as usual but the background checking and KYC procedures are simplified. In addition to the assessment factors for new customers, the result of any renewal applications from existing customers also depend on their past repayment records. If the loan application is approved, the loan officer will prepare the full legal documentation of the loan, guarantee and asset pledge with the assistance of external legal advisers. Once the loan is properly documented and executed, the loan officer will report to the reviewing officer and the management to prepare for the loan drawdown.
- (3) Ongoing account maintenance: The loan officer provides continuous monitoring of the loan repayments and regularly reviews if there is any change of situation, and reports to the reviewing officer from time to time.
- (4) Repayment collection: The loan officer makes phone calls and text messages to borrowers to remind them of repayment schedules. In the event of repayment delay or default, the loan officer will instruct legal advisers to issue demand letters and commence legal proceedings if necessary.

During the year ended 31 March 2021, the business performance of the money lending segment was summarised below:

– Aggregate amount of new lending during the year	HK\$57.5 million (2019/2020: HK\$82.7 million)
– Total number of new lending during the year	8 (2019/2020: 18)
– Range of effective annual percentage rate (“APR”)	12%-28.8% (2019/2020: 12%-28.8%)
– Weighted average APR	18.07% (2019/2020: 18.2%)

During the year ended 31 March 2021, revenue generated from the money lending segment, contributed essentially by interest received and accrued, decreased from approximately HK\$89.7 million in 2019/2020 to approximately HK\$87.8 million.

Trading segment of goods and commodities

During the year ended 31 March 2021, the revenue and segment profit generated from the trading of goods and commodities segment were approximately HK\$1,126.2 million (2019/2020: HK\$1,072.5 million) and HK\$7.6 million (2019/2020: HK\$13.1 million), representing approximately 92.6% (2019/2020: 92.3%) of the Group's revenue and 10.5% (2019/2020: 12.8%) of the Group's total segment profit (before unallocated corporate income and gain, unallocated corporate expenses and finance cost).

The increase in revenue from trading segment was mainly due to the increase in purchase order placed by the Group's trading customers. The decrease in segment profit was due to the increase in selling and distribution expenses to attract potential customers.

Trading segment of CBD isolate

In previous years, the trading segment of the Group successfully diversified its trading goods categories from refined edible oil and cosmetics products to sugar and personal care products. Through the business network of the suppliers and customers of cosmetics and personal care products, the Group became aware of the worldwide trend of the legalisation and the consumer use in CBD and commenced its international trading business of CBD isolate. During the year ended 31 March 2021, the revenue and loss generated from the trading of CBD isolate segment were approximately HK\$2.8 million and HK\$8.6 million respectively. The loss was due to the comparatively low profit margin of the trading of CBD isolate at the initial stage.

GENERAL AND ADMINISTRATIVE EXPENSES

During the year ended 31 March 2021, the Group's general and administrative expenses (which mainly comprises legal and professional fees, staff salaries, directors' fees and depreciation of right-of-use assets) amounted to approximately HK\$45.8 million (2019/2020: HK\$41.3 million), which were 10.90% higher than 2019/2020, the increase of which was principally due to the increased in legal and professional fees in attribute to commencement of the trading of CBD isolate during the current year.

FINANCE COSTS

During 2020/2021 and 2019/2020, finance costs amounting to approximately HK\$18.0 million and HK\$5.0 million were incurred respectively. The increase of HK\$13.0 million was mainly due to interest incurred on convertible bond issued during 2020/2021.

INCOME TAX EXPENSES

During the year ended 31 March 2021, income tax expenses amounting to HK\$7.0 million (2019/2020: HK\$10.5 million) were incurred. The decrease in the income tax expenses is principally due to the decrease in the profit generated from the money lending segment and trading segment during 2020/2021.

EARNINGS PER SHARE

During the year ended 31 March 2021, the basic and diluted earnings per share amounted to 0.20 HK cents, as compared to the basic and diluted earnings per share of 0.77 HK cents in 2019/2020.

FINANCIAL POSITION

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from approximately HK\$800.7 million to HK\$852.1 million. Total assets increased by 49.2% from approximately HK\$967.0 million to HK\$1,442.6 million which was mainly due to the increase in bank balances and cash from convertible bond issued during the year. Net assets increased by 6.4% from HK\$800.7 million to HK\$852.1 million which was primarily due to the total comprehensive income recorded during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group's cash and cash equivalents amounted to HK\$251.2 million (2020: HK\$7.0 million).

As at 31 March 2021, the Group had an aggregate outstanding principal amount of HK\$20 million of the outstanding corporate bonds ("Bonds"), which is unsecured and bears an interest at 5.5% per-annum with a maturity of 7 years. The Bonds were issued between 2 January and 10 July 2014 with an aggregate principal amount of HK\$70 million and will be due between January and July 2021. The repayment obligations of the Company under the instruments of the Bonds are guaranteed by Jun Qiao Limited ("Jun Qiao"). Under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company and Jun Qiao undertook to continue to maintain its interests in the mining assets (the "Mining Assets") owned by Jun Qiao and its subsidiaries (the "Jun Qiao Group") and not to dispose of, transfer or sell any of the Mining Assets until the maturity of the Bonds, unless the consent of the majority of the bondholders is obtained. Due to the purported transfer of 90% equity of Tong Bai County Yin Di Mining Company Limited ("Yin Di Mining") to Henan Guiyuan Industry Co., Ltd. ("Henan Guiyuan") and related incidents as disclosed in the Company's announcements dated 15 January 2017, 22 January 2017 and 1 February 2017 (the "Incidents"), the Company de-consolidated the Yin Di Mining and its subsidiary (collectively, the "De-consolidated Subsidiaries"). As a matter of prudent treatment, the Bonds were classified as current liabilities. On 31 January 2019, the Group entered into a sale and purchase agreement to dispose of its 60% shareholding in Jun Qiao to an independent third party for a cash consideration of HK\$100,000 together with a 30% proportionate sharing of the compensation, after costs, from the legal actions commenced by the Group in seeking to recover the Mining Assets. Jun Qiao is an investment holding company whose principal assets are its investments in the De-consolidated Subsidiaries. The Group had disposed of the entire issued share capital of Jun Qiao (the "Disposal") and the Group ceased its control of Jun Qiao Group upon completion of the Disposal on 25 February 2019.

On 30 October 2020, the Company issued 3% per-annum 2-year convertible bond (the “Convertible Bond”) with an aggregate principal amount of HK\$500 million to Yunnan Baiyao Group Co., Ltd (“Yunnan Baiyao Group”), a connected person of the Company. The Convertible Bond has an initial conversion price of HK\$0.258 per conversion share. The Convertible Bond bear simple interest on its outstanding principal amount at the rate 3% per annum, payable on the anniversary of the date of issue, and will mature on the second anniversary of the date of issue.

	As at 31 March 2021	As at 31 March 2020
Current ratio (current assets/current liabilities)	14.19 times	5.89 times
Gearing ratio (total liabilities/total assets)	41%	17%

The Group’s debtor’s turnover period was 2 days for 2020/2021 as compared to 7 days for 2019/2020. The decrease was mainly due to the tightened credit control.

The creditors’ turnover period was 5 days for 2020/2021 as compared with 15 days for 2019/2020. Creditors’ turnover period improved which was due to the more timely repayment of the amounts due to our suppliers during the current period.

The inventories’ turnover period was 5 days for 2020/2021 as compared with 5 days for 2019/2020. Inventory control was always one of the primary tasks of the Group’s management team to maintain the liquidity and healthy financial position of the Group.

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

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 31 March 2021, the total number of issued ordinary shares (the “Shares”) of the Company was 6,448,152,160 shares (2020: 6,448,152,160 shares).

The gross proceeds and net proceeds from the subscription amount for the Convertible Bond by Yunnan Baiyao Group (the “Subscription”) are approximately HK\$500 million and HK\$498 million, respectively. The Company applied the net proceeds from the Subscription as follows:

	Business segment	Planned use of proceeds HK\$'million	Actual use of proceeds HK\$' million
Expansion of existing trading business in cosmetics and personal care products	Trading	100	100
Expansion of CBD-based cosmetics and personal care product trading business	Trading	90	58
Purchase of CBD isolate inventory for trading purpose	Trading	20	15
Setting up of hemp cultivation and extraction facilities for vertical expansion of CBD trading business	Manufacturing and trading	70	–
Expansion of CBD-related target business	Trading	40	–
Expansion of existing money lending business	Money Lending	50	43
Repayment of bonds issued by the Company	–	70	50
Working capital for the financial year ending 31 March 2021	–	58	35
		<hr/>	<hr/>
Total		<u>498</u>	<u>301</u>

The Company will apply the remaining net proceeds for the purpose as disclosed as above. The Company intends to fully utilised the net proceeds from the Subscription by 31 March 2022.

EVENTS AFTER THE REPORTING PERIOD

For the details of events after the reporting period, please refer to note 14 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 March 2021, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no material capital commitments (2020: nil).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (2020: nil).

FOREIGN EXCHANGE EXPOSURE

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

PRINCIPAL RISKS AND UNCERTAINTIES

Other details of the activities during the year as regulated by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the business and a discussion of the principal risks and uncertainties the Group is facing, particulars of the events affecting the Group that have occurred since the financial year ended 31 March 2021, and an indication of likely future development in the Group's business, can be found in the section of Management Discussion and Analysis on pages 21 to 30.

COMMODITY PRICE RISK

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

EMPLOYEE REMUNERATION POLICY

As at 31 March 2021, the Group had 33 employees (2020: 29 employees). For the year ended 31 March 2021, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$15.6 million (2019/2020: HK\$15.7 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds, life insurance and medical assistance benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the year ended 31 March 2021, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PROSPECTS

Money lending segment

During the year ended 31 March 2021, the Group continued to make new loans or renew matured loans with existing customers. Loan renewals had the benefits of deeper understanding of customer background and repayment records, and streamlined procedures on legal documentation and approval process. Subject to the market condition and the impact of COVID-19, the Group would take a more prudent approach in approving new loan and loan renewals, assessing the recoverability of existing loan receivables, with a view to minimise the risks associated with the money lending business while maintaining a constant cash inflow to the Group.

Trading segment of goods and commodities

In previous years, the trading segment of the Group successfully diversified its trading goods categories, expanding the product portfolio from refined edible oil and cosmetic products to sugar and personal care products.

Leveraged on the Company's accumulated experience and expertise in trading cosmetics and personal care products by procuring products from cosmetics and personal care product brands and supplying them to e-commerce platforms (the "E-commerce Platform") and other traders of cosmetics and personal care products, the Group has been looking for opportunities to expand its product portfolio.

Going forward, as part of its business strategies, the Group intends to continue (i) to enhance the cosmetics and personal care products brand portfolio of the Group; and (ii) to intensify its efforts in expanding the suppliers network, in terms of nature of products, origins of import, and securing additional customers and sales network.

Trading of segment CBD isolate

The Group is in the progress of preparing for its entry into the hemp cultivation industry and setting up its hemp cultivation plantation. On 23 April 2021, the Company entered into a non-legally binding Memorandum of Understanding with Yunnan Baiyao Group, to establish a joint venture company (“JV Company”) which will be engaged in relevant businesses in the value chain and supply chain of industrial hemp.

Subject to compliance with the relevant PRC laws and regulations, the Company agreed to and to procure its subsidiaries to, be in charge and responsible for the overall coordination of all significant matters involved in the industrial hemp cultivation, including conducting research and making decision on the type of industrial hemp to be cultivated and the demand, formulating the overall timetable for the industrial hemp cultivation, carrying out the maintenance of the plantation and the equipment, conducting the overall sale and promotion of industrial hemp products and employing relevant personnel for the implementation of the aforesaid in the JV Company. Yunnan Baiyao Group agreed to and to procure its subsidiaries to, provide assistance to the JV Company in the hemp cultivation activities according to the instructions provided by the Group, including providing assistance in the production and preparation of industrial hemp raw materials, assisting in the allocation of facilities, operation, and the overall management of resources in order to complete the industrial hemp cultivation, assisting in the introduction of other types of hemp seeds for research and development purpose, producing and developing the end products that contain cannabinoids and industrial hemp, providing support for the marketing of related products, and ensuring that all industrial hemp planting and related activities are carried out with relevant approval, licence and permit and complying with the relevant PRC laws and regulations.

The Company and Yunnan Baiyao Group shall negotiate for the terms and conditions of the proposed formation of the JV Company and the definitive agreement no later than 30 July 2021.

Other

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Group had in the year under review complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except for the following deviation:

Code Provision A.4.1

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

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

Code Provision A.6.7

Code provision A.6.7 stipulates that independent non-executive Directors and other non-executive directors should attend general meeting to gain and develop a balanced understanding of the views of shareholders. During the year ended 31 March 2021, the Company held one annual general meeting on 28 September 2020 (the "2020 AGM"). Certain non-executive Director and independent non-executive Directors were unable to attend the 2020 AGM due to other business commitment. However, views expressed by shareholders at general meetings are recorded and circulated for discussion by all directors regardless of attendance. The Company will plan its dates of meetings in advance to facilitate Directors' attendance.

SHARE OPTION SCHEME

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

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

BOARD DIVERSITY POLICY

With an aim to achieve diversity on the Board, the Board has approved and adopted a Board Diversity Policy (the "Policy") and revision to the terms of reference of the nomination committee of the Company (the "Nomination Committee") to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieve a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board having due regard to the importance of Board diversity.

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

The Nomination Committee will report annually, in the Corporate Governance Report which will be set out in its annual report for the year ended 31 March 2021, on the Board's composition under diversified perspectives, and monitor the implementation of the Policy.

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

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") was established by the Board with specific terms of reference, whose purposes include the reviewing of the accounting principles and practices adopted by the Group and discussing auditing, internal control, risk management and financial reporting matters. The Audit Committee currently comprises three independent non-executive Directors, namely, Ms. Wong Chui San, Susan (*Chairman*), Mr. Jiang Zhi and Mr. Leung Ka Kui, Johnny. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 March 2021.

NOMINATION COMMITTEE

The Nomination Committee was established with specific terms of reference, whose purposes include the reviewing of the Board composition, advising the Board on the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. The Nomination Committee consists of two executive Directors, namely, Mr. Wang Minghui (*Chairman*) and Mr. Chow Wang and three independent non-executive Directors, namely, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan. The Company has adopted a nomination policy for Directors, details of which will be disclosed in the annual report of the Company for the year ended 31 March 2021.

REMUNERATION COMMITTEE

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

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in this announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to the Group's senior management and persons who are privy to price sensitive information of the Group. Having made specific enquiry, all Directors confirmed to the Company that they have complied with the Model Code during the year and up to the date of publication of this announcement.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.0030hk.com). The Company's annual report for the year ended 31 March 2021 will be dispatched to the shareholders of the Company and published on the above websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 June 2021

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

Executive Directors:

Mr. Wang Minghui (*Chairman*)

Mr. Chow Wang (*Deputy Chairman & Chief Executive Officer*)

Mr. Yin Pinyao

Mr. Chu Ka Wa (*Chief Financial Officer*)

Mr. Wang Zhaoqing (*Chief Operating Officer*)

Non-executive Director:

Mr. Fong For

Independent Non-executive Directors:

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan