

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2021**

The board (the “Board”) of directors (the “Directors”) 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 2021 (the “Reporting Period”), 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 2021*

		<b>For the six months ended 30 September 2021 HK\$ (unaudited)</b>	<b>For the six months ended 30 September 2020 HK\$ (unaudited)</b>
Revenue	4	<b>457,632,630</b>	614,479,742
Cost of sales		<b>(418,929,403)</b>	(564,591,319)
Gross profit		<b>38,703,227</b>	49,888,423
Other income, gains and losses		<b>127,347</b>	1,306,617
Net allowance for expected credit losses		<b>(90,251,650)</b>	(387,122)
Share of result of an associate		–	(16,512)
Selling and distribution expenses		<b>(2,066,046)</b>	(307,696)
General and administrative expenses		<b>(21,435,149)</b>	(23,476,725)
Finance costs	5	<b>(16,638,814)</b>	(2,447,683)
(Loss)/Profit before tax	6	<b>(91,561,085)</b>	24,559,302
Income tax credit/(expenses)	7	<b>8,136,185</b>	(5,039,615)
(Loss)/Profit for the period		<b>(83,424,900)</b>	19,519,687

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

*For the six months ended 30 September 2021*

	<b>For the six months ended 30 September 2021 HK\$ (unaudited)</b>	For the six months ended 30 September 2020 HK\$ (unaudited)
<b>Other comprehensive income for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operation	<u>4,494,691</u>	<u>7,870,005</u>
Total comprehensive (expenses)/income for the period	<u>(78,930,209)</u>	<u>27,389,692</u>
<b>(Loss)/Profit for the period attributable to:</b>		
Owners of the Company	(83,424,656)	19,518,473
Non-controlling interests	<u>(244)</u>	<u>1,214</u>
	<u><u>(83,424,900)</u></u>	<u><u>19,519,687</u></u>
<b>Total comprehensive (expenses)/income for the period attributable to:</b>		
Owners of the Company	(78,929,965)	27,388,478
Non-controlling interests	<u>(244)</u>	<u>1,214</u>
	<u><u>(78,930,209)</u></u>	<u><u>27,389,692</u></u>
<b>(Loss)/Earnings per share</b>		
– Basic and diluted (HK cents)	8	<u><u>(1.29)</u></u>
		<u><u>0.30</u></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2021*

	<i>Notes</i>	As at <b>30 September 2021</b> <i>HK\$</i> (unaudited)	As at 31 March 2021 <i>HK\$</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>1,923,988</b>	2,361,718
Right-of-use assets		<b>12,466,524</b>	15,072,472
Investment in an associate		–	–
Loan receivable	<i>12</i>	<b>143,733</b>	303,191
Deferred tax asset		<b>14,023,968</b>	2,167,191
		<u><b>28,558,213</b></u>	<u>19,904,572</u>
<b>Current assets</b>			
Inventories		<b>7,633,948</b>	16,343,625
Trade receivables	<i>11</i>	<b>60,769,069</b>	7,561,423
Loan and interest receivables	<i>12</i>	<b>429,172,629</b>	529,709,844
Other receivables, deposits and prepayments	<i>13</i>	<b>647,786,304</b>	602,312,870
Amount due from a shareholder		<b>17,546,179</b>	15,535,030
Bank balances and cash		<b>181,582,897</b>	251,236,954
		<u><b>1,344,491,026</b></u>	<u>1,422,699,746</u>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>85,241,950</b>	28,186,258
Contract liabilities		<b>466,211</b>	33,866,293
Lease liabilities		<b>7,224,176</b>	8,186,810
Tax payable		<b>3,912,316</b>	10,091,657
Bonds	<i>15</i>	–	19,954,171
		<u><b>96,844,653</b></u>	<u>100,285,189</u>
<b>Net current assets</b>		<u><b>1,247,646,373</b></u>	<u>1,322,414,557</u>
<b>Total assets less current liabilities</b>		<u><b>1,276,204,586</b></u>	<u>1,342,319,129</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(Continued)**

*As at 30 September 2021*

	<i>Notes</i>	<b>As at 30 September 2021 HK\$ (unaudited)</b>	<b>As at 31 March 2021 HK\$ (audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>5,425,273</b>	7,025,637
Convertible bond	<i>16</i>	<b>494,547,855</b>	478,709,119
Deferred tax liabilities		<b>3,082,528</b>	4,505,234
		<u><b>503,055,656</b></u>	<u>490,239,990</u>
<b>Net assets</b>		<u><b>773,148,930</b></u>	<u>852,079,139</u>
<b>Capital and reserves</b>			
Share capital	<i>17</i>	<b>64,481,522</b>	64,481,522
Reserves		<b>707,744,424</b>	786,674,389
		<u><b>772,225,946</b></u>	<u>851,155,911</u>
Equity attributable to owners of the Company		<b>772,225,946</b>	851,155,911
Non-controlling interests		<b>922,984</b>	923,228
		<u><b>773,148,930</b></u>	<u>852,079,139</u>
<b>Total equity</b>		<u><b>773,148,930</b></u>	<u>852,079,139</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

*For the six months ended 30 September 2021*

	Attributable to owners of the Company						Non-controlling interests	Total	
	Share capital	Share premium	Capital redemption reserve	Convertible bond reserve	Exchange reserve	Accumulated losses			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$			
At 1 April 2021 (audited)	64,481,522	988,278,817	176,000	22,091,476	1,849,081	(225,720,985)	851,155,911	923,228	852,079,139
Loss for the period	-	-	-	-	-	(83,424,656)	(83,424,656)	(244)	(83,424,900)
Other comprehensive income for the period:									
Exchange differences arising on translating foreign operation	-	-	-	-	4,494,691	-	4,494,691	-	4,494,691
<b>Total comprehensive income (expenses) for the period</b>	-	-	-	-	4,494,691	(83,424,656)	(78,929,965)	(244)	(78,930,209)
<b>At 30 September 2021 (unaudited)</b>	<b>64,481,522</b>	<b>988,278,817</b>	<b>176,000</b>	<b>22,091,476</b>	<b>6,343,772</b>	<b>(309,145,641)</b>	<b>772,225,946</b>	<b>922,984</b>	<b>773,148,930</b>
At 1 April 2020 (audited)	64,481,522	988,278,817	176,000	-	(14,199,348)	(238,928,219)	799,808,772	920,209	800,728,981
Profit for the period	-	-	-	-	-	19,518,473	19,518,473	1,214	19,519,687
Other comprehensive income for the period:									
Exchange differences arising on translating foreign operation	-	-	-	-	7,870,005	-	7,870,005	-	7,870,005
<b>Total comprehensive income for the period</b>	-	-	-	-	7,870,005	19,518,473	27,388,478	1,214	27,389,692
<b>At 30 September 2020 (unaudited)</b>	<b>64,481,522</b>	<b>988,278,817</b>	<b>176,000</b>	<b>-</b>	<b>(6,329,343)</b>	<b>(219,409,746)</b>	<b>827,197,250</b>	<b>921,423</b>	<b>828,118,673</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

*For the six months ended 30 September 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. Yunnan Baiyao Group Co., Limited (“Yunnan Baiyao Group”) is a substantial shareholder of the Company. The address of its principal place of business is Room 2709-10, 27/F., China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

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

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 interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

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

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

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

- (i) Money lending segment engages in the provision of financing services;
- (ii) Trading segment engages in the trading of goods and commodities; and
- (iii) Trading segment engages in the trading of CBD isolate.

#### 4. REVENUE AND SEGMENT INFORMATION (Continued)

##### Segment revenues and results

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

##### For the six months ended 30 September 2021

	Money lending HK\$ (unaudited)	Trading of goods and commodities HK\$ (unaudited)	Trading of CBD isolate HK\$ (unaudited)	Total HK\$ (unaudited)
Revenue	<u>34,464,020</u>	<u>422,868,422</u>	<u>300,188</u>	<u>457,632,630</u>
Gross profit	<u>34,464,020</u>	<u>4,171,426</u>	<u>67,781</u>	<u>38,703,227</u>
Segment profit/(loss)	<u>32,759,315</u>	<u>(626,608)</u>	<u>(4,346,303)</u>	<u>27,786,404</u>
Unallocated corporate income, gains and losses				3,431
Unallocated corporate expenses				(102,712,106)
Finance costs				(16,638,814)
Loss before tax				<u>(91,561,085)</u>

##### For the six months ended 30 September 2020

	Money lending HK\$ (unaudited)	Trading HK\$ (unaudited)	Total HK\$ (unaudited)
Revenue	<u>43,327,740</u>	<u>571,152,002</u>	<u>614,479,742</u>
Gross profit	<u>43,327,740</u>	<u>6,560,683</u>	<u>49,888,423</u>
Segment profit	<u>41,592,724</u>	<u>490,235</u>	<u>42,082,959</u>
Unallocated corporate income, gains and losses			1,306,617
Unallocated corporate expenses			(16,386,351)
Finance costs			(2,443,923)
Profit before tax			<u>24,559,302</u>

Segment results represents the profit earned from each segment without allocation of directors' fee, certain bank interest income, net allowance for expected credit losses, certain other income, gains and losses, share of result of an associate, certain general and administrative expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.



#### 4. REVENUE AND SEGMENT INFORMATION (Continued)

##### 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>2021</b> <i>HK\$</i> <b>(unaudited)</b>	As at 31 March 2021 <i>HK\$</i> (audited)
<b>Segment assets</b>		
Money lending	<b>510,689,663</b>	614,186,861
Trading of goods and commodities	<b>722,824,919</b>	652,861,850
Trading of CBD isolate	<b>3,573,464</b>	5,499,655
Unallocated corporate assets	<b>135,961,193</b>	170,055,952
	<b>1,373,049,239</b>	1,442,604,318
<b>Consolidated assets</b>		
	<b>1,373,049,239</b>	1,442,604,318
	As at <b>30 September</b> <b>2021</b> <i>HK\$</i> <b>(unaudited)</b>	As at 31 March 2021 <i>HK\$</i> (audited)
<b>Segment liabilities</b>		
Money lending	<b>4,547,182</b>	9,054,701
Trading of goods and commodities	<b>78,503,779</b>	54,562,885
Trading of CBD isolate	<b>410,430</b>	2,594,915
Unallocated corporate liabilities	<b>516,438,918</b>	524,312,678
	<b>599,900,309</b>	590,525,179
<b>Consolidated liabilities</b>		
	<b>599,900,309</b>	590,525,179

For the purpose of monitoring segment performances 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, amount due from a shareholder and certain bank balances and cash which are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, bonds, convertible bond and certain lease liabilities which are managed on a group basis.

## 5. FINANCE COSTS

	<b>For the six months ended 30 September 2021 HK\$ (unaudited)</b>	For the six months ended 30 September 2020 HK\$ (unaudited)
Effective interest expense on bonds ( <i>note 15</i> )	264,301	2,325,000
Effective interest expense on convertible bond ( <i>note 16</i> )	15,838,736	–
Interest expenses on lease liabilities	535,777	122,683
	<u>16,638,814</u>	<u>2,447,683</u>

## 6. (LOSS)/PROFIT BEFORE TAX

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

	<b>For the six months ended 30 September 2021 HK\$ (unaudited)</b>	For the six months ended 30 September 2020 HK\$ (unaudited)
Cost of inventories recognised as expense	418,929,403	564,591,319
Depreciation of property, plant and equipment	520,883	629,306
Depreciation of right-of-use assets	4,313,394	4,661,961
Expenses relating to short-term lease	121,200	262,601
	<u>418,929,403</u>	<u>564,591,319</u>

## 7. INCOME TAX CREDIT/(EXPENSES)

	<b>For the six months ended 30 September 2021 HK\$ (unaudited)</b>	For the six months ended 30 September 2020 HK\$ (unaudited)
Current tax:		
– The People’s Republic of China (“the PRC”) Enterprises Income Tax (“EIT”)	–	(239,871)
– Hong Kong Profits Tax	<u>(5,143,298)</u>	<u>(4,968,421)</u>
	<b>(5,143,298)</b>	<b>(5,208,292)</b>
Deferred tax	<u><b>13,279,483</b></u>	<u>168,677</u>
	<u><b>8,136,185</b></u>	<u><b>(5,039,615)</b></u>

- (a) 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\$2,000,000 of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from 2018, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000. For the remaining subsidiaries of the Group in Hong Kong, they are subject to 16.5% of the estimated assessable profits under Hong Kong Profits Tax.

- (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% during the six months ended 30 September 2021 and 2020.

## 8. (LOSS)/EARNINGS PER SHARE

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

	<b>For the six months ended 30 September 2021 HK\$ (unaudited)</b>	For the six months ended 30 September 2020 HK\$ (unaudited)
(Loss)/Profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(83,424,656)</u>	<u>19,518,473</u>
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u><b>6,448,152,160</b></u>	<u>6,448,152,160</u>

For the six months ended 30 September 2021, the computation of diluted loss 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 decrease in loss per share. There was no potential dilutive share in existence during the six months ended 30 September 2021.

## 9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2021 and 2020, nor has any dividend been proposed since the end of the reporting periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment with a cost of HK\$77,802 (six months ended 30 September 2020: HK\$269,841).

## 11. TRADE RECEIVABLES

	<b>As at 30 September 2021 HK\$ (unaudited)</b>	As at 31 March 2021 HK\$ (audited)
Trade receivables	<b>61,285,104</b>	7,586,210
Less: net allowance for expected credit losses	<u>(516,035)</u>	<u>(24,787)</u>
	<u><b>60,769,069</b></u>	<u>7,561,423</u>

Trade receivables in relation to trading of goods and commodities are having an average credit period of 90 days (31 March 2021: 90 days).

## 11. TRADE RECEIVABLES (Continued)

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

	<b>As at 30 September 2021 HK\$ (unaudited)</b>	<b>As at 31 March 2021 HK\$ (audited)</b>
0-90 days	<b><u>61,285,104</u></b>	<b><u>7,586,210</u></b>

At the end of the reporting period/year, none of the Group's trade receivables was past due but not impaired at the end of the reporting period/year 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 the trade receivables above.

## 12. LOAN AND INTEREST RECEIVABLES

	<b>As at 30 September 2021 HK\$ (unaudited)</b>	<b>As at 31 March 2021 HK\$ (audited)</b>
Loan receivables		
Secured	<b>284,493,387</b>	279,922,283
Unsecured	<b>220,580,000</b>	258,191,586
	<b>505,073,387</b>	538,113,869
Interest receivables	<b>7,982,680</b>	3,772,777
	<b>513,056,067</b>	541,886,646
Less: net allowance for expected credit losses	<b>(83,739,705)</b>	(11,873,611)
	<b><u>429,316,362</u></b>	<b><u>530,013,035</u></b>

## 12. LOAN AND INTEREST RECEIVABLES (Continued)

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

	As at <b>30 September</b> 2021 <i>HK\$</i> (unaudited)	As at 31 March 2021 <i>HK\$</i> (audited)
Loan receivables (before net allowance for expected credit losses):		
Within one year	<b>504,929,654</b>	537,810,678
Two to five years	<b>143,733</b>	303,191
	<b>505,073,387</b>	538,113,869
Carrying amount of loan and interest receivables analysed for reporting purpose:		
Current assets	<b>429,172,629</b>	529,709,844
Non-current assets	<b>143,733</b>	303,191
	<b>429,316,362</b>	530,013,035

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 6 months to 5 years (31 March 2021: 3 months to 5 years). The loans provided to customers bore fixed interest rate ranging from 0.6% – 1.6% per month (31 March 2021: 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 carrying amount 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> 2021 <i>HK\$</i> (unaudited)	As at 31 March 2021 <i>HK\$</i> (audited)
Within 90 days	<b>27,497,938</b>	169,410,827
91-180 days	<b>81,876,135</b>	112,377,087
181-365 days	<b>254,767,186</b>	157,423,447
Over 365 days	<b>65,175,103</b>	90,801,674
	<b>429,316,362</b>	530,013,035

**12. LOAN AND INTEREST RECEIVABLES (Continued)**

The Group's financing advances to customers included in the loan and interest receivables are due as of the due dates specified in respective loan agreements. As at 30 September 2021, net allowance for expected credit losses of HK\$83,739,705 was recognised in respect of loan and interest receivables (31 March 2021: HK\$11,873,611).

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

	As at 30 September 2021 <i>HK\$</i> (unaudited)	As at 31 March 2021 <i>HK\$</i> (audited)
Other receivables	128,256,174	33,662,344
Deposits	3,509,086	3,473,667
Prepayments	<u>534,958,836</u>	<u>566,220,343</u>
	666,724,096	603,356,354
Less: net allowance for expected credit losses	<u>(18,937,792)</u>	<u>(1,043,484)</u>
	<u><u>647,786,304</u></u>	<u><u>602,312,870</u></u>

**14. TRADE AND OTHER PAYABLES**

	As at 30 September 2021 <i>HK\$</i> (unaudited)	As at 31 March 2021 <i>HK\$</i> (audited)
Trade payables	75,667,851	15,536,915
Other payables and accrued charges	<u>9,574,099</u>	<u>12,649,343</u>
	<u><u>85,241,950</u></u>	<u><u>28,186,258</u></u>

## 15. BONDS

As at 30 September 2021, the Group had no outstanding unsecured corporate bonds (31 March 2021: HK\$20,000,000). The major terms of the unsecured corporate bonds are as following:

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

The movements of the bonds are set out below:

	<b>For the six months ended 30 September 2021 HK\$ (unaudited)</b>	For the year ended 31 March 2021 HK\$ (audited)
Carrying amount at the beginning of the period/year	<b>19,954,171</b>	69,229,000
Effective interest charge for the period/year	<b>264,301</b>	4,262,500
Principal paid	<b>(20,000,000)</b>	(50,000,000)
Interest paid	<b>(218,472)</b>	(3,537,329)
	<hr/>	<hr/>
Carrying amount at the end of the period/year	–	19,954,171
Less: Bonds repayable after one year shown under non-current liabilities	–	–
	<hr/>	<hr/>
Current portion ( <i>Note</i> )	–	19,954,171
	<hr/> <hr/>	<hr/> <hr/>



## 15. BONDS (continued)

The Company's bonds carry interest at effective interest rate of 7.22% (31 March 2021: 7.22%) per annum.

*Note:* The repayment obligations of the Company under the instruments of the bonds is 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 all the mining assets held by Jun Qiao and its subsidiaries, including mining structure and plant and equipment, prepaid lease payment, mining right and reserves and exploration right, and prepayments for exploration and evaluation activities (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 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.

## 16. CONVERTIBLE BOND

The Company entered into the subscription agreement (the "Subscription Agreement") with Yunnan Baiyao Group on 14 October 2019, pursuant to which the Company has conditionally agreed to issue, and Yunnan Baiyao Group has conditionally agreed to subscribe for, through its trustee, Shanghai International Trust Corp., Ltd., convertible bond (the "Convertible Bond") in the aggregate principal amount of HK\$500 million with coupon rate of 3% per annum for 2 years (the "Subscription").

The completion of the Subscription took place on 30 October 2020 in accordance with the terms and conditions of the Subscription Agreement. Under the Subscription, the Convertible Bond has been issued to Shanghai International Trust Corp., Ltd., which subscribes and holds the Convertible Bond on behalf of and as a trustee of Yunnan Baiyao Group. Yunnan Baiyao Group remains as the beneficial owner of the Convertible Bond.

Based on the initial conversion price of HK\$0.258 per conversion share and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bond, 1,937,984,496 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bond, representing: (a) approximately 30.05% of the existing issued share capital of the Company; and (b) approximately 23.11% of the issued share capital of the Company as enlarged by the issue of the 1,937,984,496 conversion shares.

At initial recognition, the equity component of the Convertible Bond was separated from the liability component. The equity element is presented in equity heading "convertible bond reserve". The effective interest rate of the liability component is 6.80% per annum.

## 16. CONVERTIBLE BOND (continued)

The valuation of the convertible bond was performed by Valplus Consulting Limited.

The movement of the liability component of the convertible bond is set out below:

	<b>Liability component HK\$</b>
Carrying amount at 1 April 2021 (audited)	478,709,119
Effective interest expenses ( <i>Note 5</i> )	<u>15,838,736</u>
Carrying amount at 30 September 2021 (unaudited)	<u>494,547,855</u>

The interest expenses for the year are calculated by applying an effective interest rate of 6.80% to the liability component for 2-year period since the convertible bond were issued.

## 17. SHARE CAPITAL

	<b>No. of shares</b>	<b>Amount HK\$</b>
Authorised:		
Ordinary shares of HK\$0.01 each	<u><b>20,000,000,000</b></u>	<u>200,000,000</u>
As at 31 March 2021 (audited) and 30 September 2021 (unaudited)	<u><b>6,448,152,160</b></u>	<u>64,481,522</u>

## 18. RELATED PARTY TRANSACTIONS

Key management compensation amounted to HK\$2,194,200 for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$2,194,200).

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

On 27 October 2021, Yunbaiyao Hong Kong Co. Limited (the “Offeror”) formally informed the Company with respect to the making of the mandatory conditional general offer in cash (the “Offer”) by China International Capital Corporation Hong Kong Securities Limited for and on behalf of the Offeror for all issued shares of the Company (the “Share”). As a result of the acquisition of 56,000,000 Shares by New Huadu Group (HK) Investment Limited (“New Huadu HK”) on 9 September 2021 (the “Acquisition”), the Offeror, together with parties acting in concert with it, became collectively interested in 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares immediately after the Acquisition. Pursuant to Rule 26.1 of The Code on Takeovers and Mergers (the “Takeovers Code”), a mandatory conditional general offer in cash for all the issued Shares held by the shareholders (“Shareholders”) of the Company other than the Offeror and parties acting in concert with it was required to be made on or around the date of the Acquisition. The failure to announce the Acquisition and the Offer immediately after the Acquisition was due to the fact that New Huadu HK was not aware that New Huadu HK was deemed to be a party acting in concert with Yunnan Baiyao Group for the purposes of the Takeovers Code at the relevant time. New Huadu HK sincerely apologises for not making the Offer as soon as it was triggered. Following the Acquisition, New Huadu HK was advised that the Acquisition gave rise to the requirement for a mandatory conditional general offer to be made.

The offer price of HK\$0.285 per offer share under the Offer is equivalent to the purchase price per Share paid by New Huadu HK under the Acquisition. The Offer will be extended to all independent shareholders in accordance with the Takeovers Code. The offer shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the composite document in relation to the Offer and in accordance with the Takeover Code.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

For the Reporting Period, the revenue of the Group was approximately HK\$457.6 million, representing a decrease of approximately 25.5% from approximately HK\$614.5 million for the six months ended 30 September 2020 (the “Corresponding Period”). The decrease in revenue was mainly attributable to decrease in revenue of both money lending segment and trading segment of goods and commodities in the Reporting Period.

Gross profit amounted to approximately HK\$38.7 million during the Reporting Period, representing a decrease of approximately 22.4% from approximately HK\$49.9 million in the Corresponding Period. Gross profit margin was approximately 8.5% in the Reporting Period, while the gross profit margin was approximately 8.1% in the Corresponding Period. The slight increase in the gross profit margin was attributable to the decrease in revenue of trading segment of goods and commodities which generated relatively lower gross profit margin.

The Group’s finance costs for Reporting Period amounted to HK\$16.6 million (2020: HK\$2.5 million). The increase was mainly due to interest incurred on Convertible Bond issued during the year ended 31 March 2021.

In comparison to consolidated net profit attributable to owners of the Company of approximately HK\$19.5 million in the Corresponding Period, the Group recorded a net loss attributable to owners of the Company of HK\$83.4 million due to the increase in net allowance for expected credit losses of approximately HK\$90.3 million for loan and interest receivables and trade and other receivables.

### **INTERIM DIVIDEND**

The Board did not propose an interim dividend for the Reporting Period (2020: Nil).

## **BUSINESS REVIEW**

During both the Reporting Period and the Corresponding Period, the Group has two identifiable business segments, namely, the money lending segment and the trading segment. The money lending segment refers to the money lending business engaged in Hong Kong by Ban Loong Finance Company Limited (“Ban Loong Finance”), a wholly-owned subsidiary of the Company which is a licensed money lender in Hong Kong. The trading segment refers to (i) the trading of goods and commodities in the PRC by Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (萬隆興業商貿(深圳)有限公司), a wholly-owned subsidiary of the Company; (ii) the trading of goods and commodities in Hong Kong by Wan Long Xing Ye Commercial Trading (Hong Kong) Limited a wholly-owned subsidiary of the Company; and (iii) the trading of Cannabidiol (CBD) products by Ban Loong Hemp Technology Limited, a wholly-owned subsidiary of the Company.

### **The money lending segment**

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

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

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

During the Reporting Period, the business performance of the money lending segment was summarised below:

– Aggregate amount of new lending during the period	Nil (2020: HK\$2.3 million)
– Total number of new lending during the period	Nil (2020: 2)
– Range of effective annual interest rate (“AIR”)	7.2%-19.2% (2020: 12%-28.8%)
– Weighted average AIR	15.03% (2020: 18.37%)

The Group’s money lending business has been generating steady income for and continued to contribute a constant cash inflow to the Group. During the Reporting Period, the revenue from the money lending business had decreased by approximately 20.5% to approximately HK\$34.5 million, representing approximately 7.5% of the Group’s revenue. The decrease in revenue was mainly attributable to maturity of certain loans and there was no new lending made during the Reporting Period.

### Trading segment of goods and commodities

The trading business has been the major source of income of the Group. During the Reporting Period, the revenue from the trading business had decreased by approximately 26.0% to approximately HK\$422.9 million, representing approximately 92.4% of the Group's revenue. The decrease in revenue from the trading of cosmetics and personal care products has attributed to lower sales volume.

### Trading segment of CBD isolate

In the Corresponding Period, 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 Reporting Period, the revenue generated from the trading of CBD isolate segment was approximately HK\$0.3 million.

## FINANCIAL REVIEW

### Financial Position

The Group's unaudited condensed consolidated statement of financial position remained solid. Shareholders' equity decreased from approximately HK\$852.1 million for the year ended 31 March 2021 to approximately HK\$773.1 million for the Reporting Period. Total assets slightly decreased by 4.8% to approximately HK\$1,373.0 million for the Reporting Period from approximately HK\$1,442.6 million for the year ended 31 March 2021. The decreased was primarily due to the increase in net allowance for expected credit losses recorded during the Reporting Period.

### Liquidity And Financial Resources

As at 30 September 2021, the Group's cash and cash equivalents amounted to approximately HK\$181.6 million (31 March 2021: HK\$251.2 million).

On 30 October 2020, the Company issued the Convertible Bond with an aggregate principal amount of HK\$500 million to 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 bears simple interest on its outstanding principal amount at the rate of 3% per annum, payable on the anniversary of the date of issue, and will mature on the second anniversary of the date of issue.

	<b>As at 30 September 2021</b>	As at 31 March 2021
Current ratio (current assets/current liabilities)	<b>13.88 times</b>	14.19 times
Gearing ratio (total liabilities/total assets)	<b>43.69%</b>	40.93%

The Group's debtor's turnover period was 26 days for the Reporting Period as compared to 28 days for the Corresponding Period. The debtor's turnover periods for both periods were within the credit period granted by the Group to its customers.

The creditors' turnover period was 33 days for the Reporting Period as compared with 18 days for the Corresponding Period. The increase in creditors' turnover period due to more time used by the Group to repay the amount due to the suppliers during the Reporting Period.

The inventories' turnover period was 3 days for the Reporting Period as compared with 2 days for the Corresponding Period. 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. Inventories' turnover period remained relatively stable in both periods.

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

### **Events After The Reporting Period**

Details of the events after the Reporting Period are set out in note 19 to the unaudited condensed consolidated financial statements.

### **Foreign Exchange Exposure**

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

### **Commodity Price Risk**

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



## **Employee Remuneration Policy**

For the Reporting Period, the Group had 33 employees (31 March 2021: 33 employees). For the Reporting Period, the total salaries, commissions, incentives and all other staff related costs amounted to approximately to HK\$7.5 million (2020: HK\$7.5 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 Reporting Period, the Group did not have any significant investments, acquisitions or disposals.

## **PROSPECTS**

### **Money lending business**

In order to strengthen the Group's market position in the money lending industry, the Group will continue to make new loans or renew matured loans with existing customers on a case-by-case basis. The Group intends to improve its brand awareness and the Group's presence within the industry by intensifying its sales effort through securing additional customers and expanding its sales network. The Directors are of the view that only by expanding the outreach to more potential customers would the Group be able to be made known to the targeted customers, such as high net-worth customers and corporate customers. With an intensified marketing strategy, the Group would be able to raise the awareness of the Group's name as a provider of financing, and in turn the targeted customers would also be aware of the Group's market presence. The management of the Company is of the view that the money lending segment will continue to provide a constant cash inflow to the Group.

### **Trading segment**

Leveraged on the Group 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 and other traders of cosmetics and personal care products, the Group has been looking out 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.

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 commercialised scale of CBD, one of the naturally occurring non-psychoactive cannabinoids found in hemp. In contrast to tetrahydrocannabinol (THC) which is the key psychoactive cannabinoids in cannabis plants, CBD exhibits no effects indicative of abuse or dependence potential and no evidence of public health-related problems according to the Cannabidiol (CBD) Critical Review Report published by the Expert Committee on Drug Dependence of the World Health Organization in 2018. In Western developed countries such as Canada, the United States, part of Europe and the United Kingdom, CBD is used in cosmetics and skincare products such as anti-inflammatory masks.

After much effort spent in the development of CBD end products, the management of the Company is expecting to see the debut of the Group's various skincare brands in early 2022 on a global basis. The Group will continue to explore different avenues to tap into the burgeoning trend. The management of the Company expects the CBD arm to be returning a sizable revenue in the coming year.

## **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 Reporting Period and the Company has not redeemed any of its securities.

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

In the opinion of the Board, the Group had during the Reporting Period complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, 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 and independent non-executive Directors 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 Reporting Period, the Company held one annual general meeting on 30 September 2021 (the “2021 AGM”). Due to COVID-19 pandemic, certain non-executive Director and the independent non-executive Directors could not come to Hong Kong to attend the 2021 AGM. 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 authorised 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 adopt any other share option scheme. During the Reporting Period, no options were granted or exercised under the New Option Scheme.

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

The Company has adopted the full set of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”) 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. All Directors confirmed to the Company that they have complied with the Model Code during the Reporting Period and up to the date of publication of this announcement.

### **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.

## **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. As at the date of this announcement, 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 has been 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 one executive Director, namely, Mr. Chow Wang and three independent non-executive Directors, namely, Mr. Leung Ka Kui, Johnny (Chairman), Mr. Jiang Zhi and Ms. Wong Chui San, Susan.

## **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 comprising 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 unaudited condensed interim financial statements of the Group for the Reporting Period.

By Order of the Board  
**Ban Loong Holdings Limited**  
**Chow Wang**

*Deputy Chairman and Chief Executive Officer*

Hong Kong, 26 November 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. 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