萬隆控股集團有限公司

Ban Loong Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 30)

ANNUAL REPORT 2017・2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Chow Wang *(Chairman & Chief Executive Officer)*
Mr. Chu Ka Wa *(Chief Financial Officer)*
Mr. Wang Zhaoqing *(Chief Operating Officer)*

Non-Executive Director:

Mr. Fong For

Independent Non-Executive Directors:

Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny
Ms. Wong Chui San, Susan

COMMITTEES

Audit Committee

Ms. Wong Chui San, Susan *(Chairman)*
Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny

Remuneration Committee

Mr. Leung Ka Kui, Johnny *(Chairman)*
Mr. Jiang Zhi
Ms. Wong Chui San, Susan
Mr. Chow Wang
Mr. Chu Ka Wa

Nomination Committee

Mr. Chow Wang *(Chairman)*
Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny
Ms. Wong Chui San, Susan
Mr. Chu Ka Wa

COMPANY SECRETARY:

Ms. Li Wing Sze

AUTHORIZED REPRESENTATIVES

Mr. Chow Wang
Mr. Chu Ka Wa

REGISTERED OFFICE:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS:

Room 2709-10, 27/F.
China Resources Building
No. 26 Harbour Road
Wanchai, Hong Kong

AUDITORS:

HLB Hodgson Impey Cheng Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited
18th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

SOLICITORS:

Cheung & Choy
Lawrence Chan & Co.

WEBSITE:

www.0030hk.com

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The financial results of the Ban Loong Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2018 were highlighted as follows:

- Revenue during the year ended 31 March 2018 was HK$767.6 million, representing an increase of approximately 156.5% from HK$299.3 million in 2016/2017. The increase was mainly attributable to (i) increase in income from money lending segment due to increase in demand in loans of borrowers and the fund as well as the lending ability of the Group; and (ii) the growing in size of the operation of trading segment.

- Gross profit amounted to HK$56.0 million during the year ended 31 March 2018, representing an increase of 100.2% from HK$28.0 million in 2016/2017. Gross profit margin was 7.3% in the current year, while the gross profit margin was 9.4% in 2016/2017. Gross profit margin was a weighted average figure of all active operating segments. Money lending segment with high gross profit margin was the main contributor of gross profit during the year ended 31 March 2018. The overall margin was, however, diluted by the trading segment where the gross profit margin was thinner.

- Loss of the Group for the year ended 31 March 2018 decreased to HK$1.5 million, as compared to HK$199.1 million in 2016/2017. The significant decrease in loss was principally due to the fact that our financial results for the year ended 31 March 2018 are no longer affected by the one-off loss on de-consolidation of, and the impairment loss of amount due from, Tong Bai Country Yin Di Mining Company Limited ("Yin Di Mining") and its subsidiary (the "De-consolidated Subsidiaries") for the year ended 31 March 2017.

For the detailed financial results of each operating segment, please refer to the note 7 of the notes to the consolidated financial statements.

FINAL DIVIDEND

The board (the "Board") of directors (the "Directors") of the Company did not propose a final dividend for the year ended 31 March 2018 (2016/2017: Nil).

BUSINESS REVIEW

During the year ended 31 March 2018, the Group's operations are divided into three identifiable business segments, namely, the money lending segment, the trading segment and the mining operations segment. The money lending segment refers to the money lending business engaged in Hong Kong by Ban Loong Finance Company Limited ("Ban Loong Finance"), a wholly-owned subsidiary of the Company which is a licensed money lender in Hong Kong. The trading segment refers to (i) the trading of goods and commodities in China by Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (萬隆興業商貿(深圳)有限公司) ("Wan Long Xing Ye"), a wholly-owned subsidiary of the Company and (ii) the trading of goods and commodities in Hong Kong by Wan Long Xing Ye Commercial Trading (Hong Kong) Limited ("Wan Long Xing Ye HK"), a wholly-owned subsidiary of the Company. The mining operations segment, of which the segment was deconsolidated during the year ended 31 March 2017, refers to the exploration and exploitation of mineral resources in China conducted by Jun Qiao Limited and its subsidiaries (the "Jun Qiao Group").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)

The money lending segment

Ban Loong Finance is a money lender licensed to carry out money lending business in Hong Kong. Its business primarily focuses in the area of short-term personal and corporate loans. To maintain credit control efficiency, Ban Loong Finance does not currently conduct business at retail level. Potential borrowers were sought from the social and business networks of the management and marketing team. To safeguard assets of the Group, the management and credit control team will review and assess the credit risk of each loan application carefully to ensure recoverability of each lending. The management will then conduct background check on borrowers, including, where necessary, obtaining credit reports issued by independent credit rating agent and examining borrowers' assets backing. Depending on the result of the cost and benefit analysis, Ban Loong Finance may request loan applicants to provide adequate security and/or guarantee before approving a loan application. Generally speaking, borrowers would be requested to pay interest monthly, in order to facilitate the management's continual monitoring of the financial stability of borrowers.

During the year ended 31 March 2018, the business performance of the money lending segment was summarized below:

– Aggregate amount of lending	HK$301.6 million (2017: HK$255.0 million)
– Total number of lending	36 (2017: 27)
– Range of effective annual percentage rate ("APR")	12%-30% (2017: 10.0%-42.6%)
– Weighted average APR	17.3% (2017: 16.6%)

During the year ended 31 March 2018, revenue generated from the segment, contributed essentially by interest received and accrued, increased from approximately HK$25.6 million in 2016/2017 to approximately HK$46.7 million.

Trading segment

Wan Long Xing Ye carried out trading of goods and commodities business in China. During the year ended 31 March 2018, Wan Long Xing Ye mainly engaged in the trading of refined edible oil. During the year ended 31 March 2018, trading revenue amounted to approximately HK$714.4 million (2016/2017: HK$273.7 million), with trading of 121,043 tonnages (2016/2017: 40,747 tonnages) of refined edible oil being completed.

Wan Long Xing Ye HK started carrying out trading of goods and commodities business in Hong Kong during the year ended 31 March 2018. Trading revenue amounted to approximately HK$6.5 million, with trading of 36,674 units of cosmetic products being completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)

The mining operations segment

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

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

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

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

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

GENERAL AND ADMINISTRATIVE EXPENSES

During the year ended 31 March 2018, the Group's general and administrative expenses (which mainly comprises legal and professional fees, salaries, directors' fees and office rentals) amounted to approximately HK$51.0 million (2016/2017: HK$24.9 million), which were 105.3% higher than that in 2016/2017 principally due to the increased operating costs including staff cost and professional fee as a result of the increase in size of the Group's business during the year as compared with that in 2016/2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

Finance costs of HK$4.65 million almost the same as 2016/2017. The finance costs were mainly due to interest incurred on bonds issued in previous years.

INCOME TAX EXPENSES

During the year ended 31 March 2018, income tax expenses amounting to HK$1.3 million (2016/2017: HK$2.7 million) were incurred. The decrease in the income tax expenses is principally due to the combined effect of cost control measures for business divisions with lower profit margin and higher budget for business development for business divisions with higher profit margin.

LOSS PER SHARE

During the year ended 31 March 2018, the basic and diluted loss per share from continuing operations amounted to 0.03 HK cents, which is 5.80 HK cents lower than the basic and diluted loss per share from continuing operations of 5.83 HK cents in 2016/2017.

TRADE RECEIVABLES

The Group's trade receivables as at 31 March 2018 amounted to approximately HK$29.3 million which represented an increase of approximately HK$18.9 million as comparing with the trade receivables of approximately HK$10.4 million as at 31 March 2017. The change was mainly contributed by the increase in revenue in the trading segment during the year. The management did not foresee any recoverability problem as most of the amount has been settled after the year end date but before the date of this report. The management will constantly review the ageing and credit standing of customers to monitor the recoverability of trade receivables.

OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	31 March 2018 **HK$**	31 March 2017 HK$
Other receivables	**41,311,833**	67,509,817
Deposits	**960,515**	903,615
Prepayment	**155,922,830**	31,173,560
	198,195,178	99,586,992

The other receivables included advances to suppliers and potential suppliers who are independent third parties in the amount of HK$35,354,445 (31 March 2017: HK$62,261,126), of which HK$35,312,128 was either used for prepayment of the Group's orders or refunded in full to the Company (without interest) subsequent to the end of the reporting period. The remaining balances were not material to the Group.

FINANCIAL POSITION

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from HK$344.3 million to HK$556.6 million. Total assets increased by 60.0% to HK$737.7 million mainly due to the completion of the issuance and allotment of 908,025,360 shares to Yunnan Baiyao Holdings Company Limited ("Yunnan Baiyao Holdings") at the subscription price of HK$0.22 per share in October 2017 and increase in the trade deposit received from trading business. Net assets increased by 61.6% from HK$344.3 million to HK$556.6 million primarily due to the subscription of shares by Yunnan Baiyao Holdings and the total comprehensive income recorded during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group's cash and cash equivalents amounted to HK$144.0 million (31 March 2017: HK$114.3 million).

As at 31 March 2018, the Group had outstanding unsecured 5.5% per-annum 7-years (due between January and July 2021) corporate bonds (the "Bonds") with aggregate principal sum of HK$70 million. The repayment obligations of the Company under the instruments of the Bonds are guaranteed by Jun Qiao. Under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company and Jun Qiao undertook to continue to maintain its interests in the Mining Assets and not to dispose of, transfer or sell any of the Mining Assets until the maturity of the Bonds, unless the consent of the majority of the bondholders is obtained. Due to the purported transfer of 90% equity of Yin Di Mining to Henan Guiyuan and related incidents as disclosed in the Company's announcements dated 15 January 2017, 22 January 2017 and 1 February 2017 (the "Incidents"), the Company de-consolidated the De-consolidated Subsidiaries. As a matter of prudent treatment, the Bonds were classified as current liabilities. The Company is seeking opinion from its PRC legal advisers and intends to make all lawful efforts to protect and uphold its rights and interests.

	As at 31 March 2018	As at 31 March 2017
Current ratio (current assets/current liabilities)	**4.0 times**	3.9 times
Gearing ratio (total liabilities/total assets)	**25%**	25%

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

SHARE CAPITAL AND FUND RAISING ACTIVITIES

As at 31 March 2018, the total number of issued ordinary shares of the Company was 5,448,152,160 shares (31 March 2017: 4,540,126,800 shares).

The Company has conducted the following equity fund raising exercises during the year ended 31 March 2018.

On 7 September 2017, the Company entered into a subscription agreement with Yunnan Baiyao Holdings, pursuant to which the Company has conditionally agreed to issue and allot, and Yunnan Baiyao Holdings has conditionally agreed to subscribe for, 908,025,360 subscription shares at the subscription price of HK$0.22 per subscription share (the "September 2017 Subscription").

The September 2017 Subscription was completed on 27 October 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

ACTUAL USE OF PROCEEDS OF PAST EQUITY FUND-RISING ACTIVITIES

(a) Rights issue announced on 14 November 2016

On 14 November 2016, the Company announced a rights issue (the "2016 Rights Issue") of 1,335,331,600 shares at the subscription price of HK$0.11 per Share on the basis of one rights share for every two existing Shares, which became unconditional on 28 December 2016. The net proceeds raised in the 2016 Rights Issue were approximately HK$143.1 million, which was originally intended to be used: (a) as to approximately HK$55 million for the development of the Group's money lending business; (b) as to approximately HK$50 million for the development of the Group's trading business; and (c) as to approximately HK$37.7 million for general working capital of the Group. As disclosed in the 2017 Annual Report, the net proceeds of the 2016 Rights Issue were actually used: (a) as to HK$70 million for the provision of loan as part of the Group's money lending business; (b) as to HK$40 million for the capital injection into Wan Long Xing Ye as part of the Group's trading business; (c) as to HK$3 million for the establishment of Wan Long Xing Ye HK; and (d) as to approximately HK$29.7 million being set aside for the repayment of the Bonds (if and required to do so) and general working capital. As at 31 March 2018, since no Bonds were required to be redeemed yet, all proceeds set aside for Bonds repayment and general working capital were fully utilized for the Group's operating expenses (including payment of salaries and remuneration, bond interest, rental expenses, professional fees and other operating expenses).

(b) Share placing announced on 19 January 2017

On 19 January 2017, the Company announced a placing of shares (the "January 2017 Placing"), on best effort basis, for a maximum of 534,132,000 Shares at a price of HK$0.11 per Share under the general mandate granted to the Directors at the annual general meeting of the Company held on 29 September 2016. The January 2017 Placing was completed on 1 February 2017 whereby a total of 534,132,000 Shares have been successfully placed. The net proceeds raised in the January 2017 Placing were approximately HK$57.29 million, which was originally intended to be used for the repayment of part of the Bonds. As explained in details in the 2017 Annual Report, due to the negotiations with the bondholders and their representatives and the continual acceptance of interest payment on the Bonds, the entire net proceeds of the January 2017 Placing were temporarily applied to short-term or repayable-on-demand loans to the Group's customers by way of treasury management, such that the Group can generate sufficient interest income to cover the continual accruing of Bond interest. As longer term loans are more efficient in terms of interest return due to fixed administrative costs and professional fees incurred per loan application regardless of loan size and loan term, given that the capital base and cash flow of the Group was greatly improved following the completion of the September 2017 Subscription, the Company has since then be able to adopt a more flexible approach in switching between loans of shorter and longer terms depending on demands of loan applications, with the view to striking a careful balance between achieving quick loan repayment and optimizing efficiency of return of capital. Accordingly, as at 31 March 2018, the Company has utilized all the proceeds of the January 2017 Placing for the Group's money lending business generally.

ACTUAL USE OF PROCEEDS OF PAST EQUITY FUND-RISING ACTIVITIES (CONTINUED)

(c) Share subscription announced on 7 September 2017

The Company entered into the subscription agreement with Yunnan Baiyao Holdings on 7 September 2017, pursuant to which the Company completed the issuance and allotment of 908,025,360 Shares to Yunnan Baiyao Holdings on 27 October 2017, at the subscription price of HK$0.22 per Share. The net proceeds from the September 2017 Subscription amounted to approximately HK$199 million which was originally intended to be used: (a) as to HK$70 million for the development of personal care products business of the Group; (b) as to HK$70 million for the money lending business of the Group; (c) as to HK$30 million for the development of trading business; and (d) as to HK$29 million for the Group's general working capital. As at the date of this report, the net proceeds of the September 2017 Subscription were actually used: (a) as to HK$70 million for the Group's money lending business as intended; (b) as to HK$30 million for the Group's trading business as intended; (c) due to the delay in business development plan of the Group's personal care products business, HK$46 million out of HK$70 million which was originally intended for the development of personal care products business was reallocated for the Group's trading business; and (d) the remaining HK$53 million was set aside for the Group's general working capital (including payment of salaries and remuneration, bond interest, rental expenses, professional fees and other operating expenses) and/or the Group's personal care products business, depending on its development progress. The actual uses of proceeds are largely consistent with the intended uses, but were slightly adjusted to fit the funding needs and development plans of different business segments the Group from time to time.

ADDITIONAL INFORMATION ON AUDITORS' MODIFIED OPINIONS

The Board wishes to draw the attention of the shareholders of the Company (the "Shareholders") to the section headed "Basis for Disclaimer of Opinion" as contained in the Independent Auditor's Report dated 29 June 2018 issued by the Company's auditors, HLB Hodgson Impey Cheng Limited, now contained in pages 35 to 38 of this Annual Report. On the basis set out therein, our auditors do not express an opinion on the consolidated financial statements of the Group for the year ended 31 March 2018 (the "2017/2018 FS").

As explained in the "Basis for Disclaimer of Opinion", the auditors' modified opinion was principally caused by the Second Civil Judgment (as defined below), the Enforcement Order (as defined below) and the purported transfer by Henan Guiyuan (as defined below) of 90% equity interest in Yin Di Mining previously held by Jinfuyuan Mining, a subsidiary of the Group. Given the above circumstances, the Group faced obstructions in exercising control over, and gathering information and documents regarding, the De-consolidated Subsidiaries, regarded that it has lost control over the entire operations of the De-consolidated Subsidiaries and determined to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries as at and for the years ended 31 March 2017 and 2018 from the Group's consolidated financial statements.

As explained in Note 37 to the consolidated financial statements as contained in the Annual Report, the Company has filed criminal complaints to pursue after certain wrong-doers and commenced civil actions to uphold the Company's right with the view to recovering the control over the Mining Assets. As these legal actions are still ongoing, the Company is not yet in a position to assess the impact of the Incidents over the operations and financial position of the Group. Due to the inability to obtain sufficient appropriate audit evidence and/or to carry out effective audit confirmation, inadequate documentary evidence and in the absence of alternative audit procedures, our auditors are unable to satisfy themselves that the Group's financial statements are free from material misstatements so far as the deconsolidation and the De-consolidated Subsidiaries are concerned.

ADDITIONAL INFORMATION ON AUDITORS' MODIFIED OPINIONS (CONTINUED)

The auditors' disclaimer of opinion is based on the loss of control over the De-consolidated Subsidiaries which is beyond the control, and without any fault, of the Company and the Directors. After considering the evidence and documents collected by the Company's management regarding the Incidents, the Board and the audit committee were satisfied that the Incidents was caused by unlawful conduct and acts carried out by ex-officers of the Group at the subsidiary level against the order and without the authority of the Company's headquarter management and the Board. Accordingly, the Board and the audit committee agreed with the views of the management and the auditors regarding the deconsolidation and the De-consolidated Subsidiaries. The basis of the disclaimer of opinion does not directly relate to any judgmental areas, and there is no disagreement by the Board, the management nor the audit committee with the position taken by the Company's auditors regarding the disclaimer of opinion.

The Board cannot predict the timing and outcome of the criminal and civil actions initiated by the Company against Henan Guiyuan and other individuals. Given that these legal actions are still ongoing, the Company considered that it was pre-mature at this stage to predict whether it would be necessary to carry forward the disclaimer of opinion to the Company's financial statements for the year ending 31 March 2019, as this may depend on many factors including the development of the criminal and civil actions relating to the Mining Assets during the year ending 31 March 2019.

The Directors will continue to use their best efforts to protect and uphold the Company's best interest and seek to recover the Mining Assets through the Court actions in China, and to pursue after any suspected wrong-doers through the criminal complaint in China. However, the outcome of these legal actions are beyond the control of the Board, and there can be no assurance as to the outcome of these legal actions. In particular, it is uncertain as to whether any of these legal actions will reach their final outcomes by 31 March 2019.

FURTHER UPDATE ON THE PROGRESS OF LEGAL ACTIONS

The First Civil Ruling

The Company has instructed its PRC legal advisers to search the Court papers relating to the First Civil Ruling. Based on the documents revealed by the Company, the purported disputes leading to the First Civil Ruling (as defined below) appeared to relate to small claims of alleged construction costs allegedly incurred and owed by Yin Di Mining for mining construction services allegedly performed by the plaintiffs in the outstanding amount of approximately RMB500,000 (for which the Group expressly denies responsibility) prior to the point of losing control by the Group. Due to the small disputed sum, the Company has instructed its PRC legal advisers to focus on the Second Civil Judgment. Due to the fact that the Group has effectively lost control over Yin Di Mining, the Group is only in the position to follow up with the First Civil Ruling if and when the Company regains control over Yin Di Mining through legal actions. However, given the small disputed sum and the fact that the Company has already fully de-consolidated the De-consolidated Subsidiaries in its financial statements for the year ended 31 March 2017, the Company does not expect the First Civil Ruling to have any significant impact on the operations and financial position of the Group.

FURTHER UPDATE ON THE PROGRESS OF LEGAL ACTIONS (CONTINUED)

The Second Civil Judgment and the Enforcement Order

As disclosed in the Company's first announcement dated 15 January 2017 regarding the Incidents, Henan Guiyuan alleged that Jinfuyuan Mining failed to honour the full payment of an alleged transfer price of RMB28 million for "95%" equity of Yin Di Mining pursuant to an alleged "Equity Transfer Agreement". As disclosed in the Company's announcements dated 15 January 2017, 22 January 2017, 1 February 2017 and 31 May 2018, the Group categorically denies all allegations of Henan Guiyuan. Based on the Company's findings, certain documents produced to the Zhengzhou Court during the Court cases leading to the Second Civil Judgement and the Enforcement Order were never seen by the Group before and were contrary to the Group's knowledge of the title history of Yin Di Mining. In particular, based on the Company's checking of the records of the State Administration for Industry and Commerce in China, Henan Guiyuan had never been registered as an equity holder of Yin Di Mining before the Company's acquisition of 60% interest of Jun Qiao Group (the "Jun Qiao Acquisition"). Based on the findings of the legal due diligence conducted by the Company's PRC legal advisers over the title and ownership of the Target Group and the Mining Assets at the time of the Jun Qiao Acquisition, Jinfuyuan Mining acquired 90% equity of Yin Di Mining (instead of 95% as alleged by Henan Guiyuan) from 河南省亞港實業有限公司 (Henan Ya Gang Enterprise Co., Ltd.) and Zhang Guobei (張國北) for the total consideration of RMB450,000 (instead of RMB28 million as alleged by Henan Guiyuan).

The Company has in March 2017 commenced legal actions in the PRC to apply for a re-trial of the litigations leading to the Second Civil Judgment and the Enforcement Order (the "Re-trial Application") with the view to protecting and upholding the Group's legitimate interests and seeking to recover the control over its 90% equity interest in Yin Di Mining (and hence the Mining Assets). On 28 September 2017, the Re-trial Application was accepted by The Higher People's Court, the PRC ("Henan High Court"). However, as disclosed in the Company's announcement dated 31 May 2018, the Henan High Court rendered a ruling dated 14 May 2018 that the Re-trial Application be rejected.

As disclosed in the Company's announcement dated 31 May 2018, the Group is seeking opinion from its PRC legal advisers and intends to make an appeal or review application on the Second Civil Judgment, the Enforcement Order and/or the Re-trial Application. The Company will make all lawful efforts to protect and uphold its rights and interests. Further announcement(s) will be made by the Company if there are any major developments on the Court case as and when appropriate. In the meantime, as the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries were already de-consolidated and derecognized from the consolidated financial statements of the Group for the year ended 31 March 2017 with effect from 1 April 2016, the rejection of the Re-trial Application is not expected to cause any further impact on the Group's financial results and position.

Criminal complaint

As disclosed in the Company's announcement dated 15 January 2017, it appeared to the Company that certain individuals might have falsely held themselves out to have the authority to represent Jinfuyuan Mining, produced fraudulent documents to the Zhengzhou Court during the course of the litigation and/or even admitted liability for Jinfuyuan Mining without the Group's knowledge and authority.

Based on the advice of the Company's PRC legal adviser, the Company has in January 2017 filed criminal complaints with the Public Security Bureau in the PRC (the "PSB") to investigate into any unlawful activities of persons and entities during the course of the litigation leading to the Second Civil Judgment and the Enforcement Order. As disclosed in the Company's announcement dated 1 February 2017, the criminal case was accepted by the PSB on 26 January 2017. The Company has instructed its PRC legal advisers to provide all assistance to the PSB during the course of the criminal investigations. Further announcement(s) will be made if and when there is an outcome of these criminal complaints.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period for the year are set out in note 38 to the consolidated financial statements as set out in the Annual Report.

PLEDGE OF ASSETS

As at 31 March 2018, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

As at 31 March 2018, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

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

COMMODITY PRICE RISK

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

EMPLOYEE REMUNERATION POLICY

As at 31 March 2018, the Group had 27 employees (31 March 2017: 25 employees). For the year ended 31 March 2018, the total salaries, commissions, incentives and all other staff related costs decreased to approximately to HK$9.4 million (31 March 2017: HK$15.2 million), principally due to the saving of staff costs as a result of the disposal of the discontinued operation of financial information services in January 2017. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the year ended 31 March 2018, the Group did not have any significant investments, acquisitions or disposals.

PROSPECTS

Money lending business

During and subsequent to the year ended 31 March 2018, the Group has made several short-terms loans to customers. The Group would normally request customers to provide adequate guarantees before releasing loan money. The management considered the potential of the segment was high and the segment could help to provide a constant cash inflow to the Group. The Group plans to gradually increase the overall loan portfolio size to achieve better economy of scale and efficiency optimisation.

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

Trading segment

During the year ended 31 March 2018, the trading segment of the Group successfully diversified its trading goods categories from refined edible oil to cosmetic products. In addition, the Group established its trading department in Hong Kong to cater for the increased business size. The Group will continue to explore business opportunities in China and Hong Kong with the view to further broaden its product range and scope of services, improve profit margin and minimise product concentration risks.

The management has planned to increase the size of trading volume with a view to achieve economy of scale and improve the gross profit margin. The segment is expected to remain as the main revenue contributor of the Group in the coming years.

The mining operations

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

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

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

Other

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

DIRECTORS' REPORT

The board of Directors of the Company present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is an investment holding company. The Group is principally engaged in money lending business and trading of goods and commodities. The mining operation was de-consolidated from the Group with effect from 1 April 2016. The details of principal activities and other particulars of the subsidiaries are set out in note 36 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators can be found throughout this Annual Report. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

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 facing the Group, particulars events affecting the Group that have occurred since the end of the financial year 2018, 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 3 to 13.

During the year ended 31 March 2018, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 39 to 40.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of financial position on pages 43 and note 34 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company does not have any reserves available for distribution in accordance with the Bermuda Companies Act 1981 as at 31 March 2018. In addition, the Company's share premium account of HK$819,478,817 as at 31 March 2018 may be distributed in the form of fully paid bonus shares. Details of the share premium account and reserves are set out in note 34 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 27 to the consolidated financial statements.

BANK BORROWINGS AND BANKING FACILITIES

The Group had no outstanding bank borrowings as at 31 March 2018.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 110.

DIRECTORS

The directors during the year and up to the date of this report were:

Executive Directors:

Mr. Chow Wang *(Chairman & Chief Executive Officer)*
Mr. Chu Ka Wa *(Chief Financial Officer)*
Mr. Wang Zhaoqing *(Chief Operating Officer)*

Non-Executive Director:

Mr. Fong For

Independent Non-Executive Directors:

Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny
Ms. Wong Chui San, Susan

In accordance with Bye-law 84 of the Company's Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years, Mr. Chow Wang, Mr. Jiang Zhi and Mr. Chu Ka Wa will retire from office by rotation and will offer themselves for re-election at the forthcoming annual general meeting ("AGM"), notice of which will be dispatched to Shareholders in due course.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S BIOGRAPHICAL DETAILS

Biographical details of the directors and senior management of the Company are set out on pages 21 to 23 of this Annual Report.

EMOLUMENT POLICY

A Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

DIRECTORS' REPORT

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors ("INEDs"), an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers that all of the INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming AGM has a service contract with the Company which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme adopted by the Company described below, the Group has not entered into any equity-linked agreements during the year.

NEW SHARE OPTION SCHEME

The old share option scheme was adopted by the Company on 27 March 2002 for a period of ten years and expired on 26 March 2012. In order to continue to provide the Company with a flexible means of giving incentive to Eligible Participants to recognize and acknowledge the contributions that Eligible Participants made or may make to the Group, a new share option scheme (the "New Share Option Scheme") has been approved by the shareholders at the annual general meeting of the Company held on 30 September 2013 (the "Adoption Date"), the Directors may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares in the Company subject to the terms and conditions stipulated therein.

The New Share Option Scheme is valid and effective for ten years and will expire on 29 September 2023. From the Adoption Date up to 31 March 2018, no option has been granted. Save for the New Share Option Scheme, the Company do not have any other share option scheme as at 31 March 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Company's New Share Option Scheme disclosed above, at no time during the year were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or Chief Executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and its subsidiaries a party a party or any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS AND CONFLICT OF INTERESTS

During the year and up to the date of this Annual Report, none of the Directors are considered to have an interest in a business which competes or is likely to compete, either directly and indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

CONNECTED TRANSACTIONS

During the year, the Group has not entered into any significant connected transaction or continuing connected transaction which should be disclosed pursuant to the requirement under the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered by the Group during the year ended 31 March 2018 are set out in note 31 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules which requires to be disclosed.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, the interest or short positions of the directors and chief executives and their associates in the shares, underlying shares and debenture of the Company and its associated corporations, as recorded in the registered maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Names of Directors	Capacity	Number of Shares held (Long position)	Percentage of the issued share capital of the Company
Chow Wang	Beneficial owner	495,404,000	9.09%
Fong For	Beneficial owner	349,068,000	6.40%

Save as disclosed above, as at 31 March 2018, none of the Directors or Chief Executive of the Company had any interest or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within meaning of the SFO) which (a) were notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which Directors have taken or deemed to have under such provisions of SFO); (b) were entered in the register maintained by the Company pursuant to section 352 of the SFO; or (c) were notified to Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, the following persons and entities (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Names of Shareholders (Note)	Capacity	Number of Shares held (Long position)	Percentage of the issued share capital of the Company
Yunnan Baiyao Holdings Co., Ltd.	Beneficial owner	908,025,360	16.67%
新華都實業集團股份有限公司 (New Huadu Industrial Group Co., Ltd.) ("New Huadu")	Interest in controlled corporation	908,025,360	16.67%
State-owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government ("Yunnan SASAC") 雲南省人民政府國有資產監督管理委員會	Interest in controlled corporation	908,025,360	16.67%
Mr. Chen Fa Shu	Interest in controlled corporation	908,025,360	16.67%

Note:

Based on the disclosure of interests filings published on the website of the Stock Exchange and the information available to the Company, (a) Yunnan Baiyao Holdings is 45% owned by Yunan SASAC and 45% owned by New Huadu; and (b) New Huadu is 76.87% owned by Mr. Chen Fa Shu.

Other than disclosed above, as at 31 March 2018, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries has purchased redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-Law 164 of the Company's Bye-Laws and relevant provisions of the regulations stipulated, every Director or other officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses and liabilities which he may incur or sustain in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto, provided that this Bye-Law shall only have effect in so far as its provisions are not avoided by the Bermuda Companies Act.

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group's purchases and sales for the year attributable to major suppliers and customers are as follows:

Purchases	
– the largest supplier	23%
– five largest suppliers combined	67%
Sales	
– the largest customer	21%
– five largest customers combined	52%

No directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors of the Company, the public float of shares of the Company has remained above the minimum percentage required by the Stock Exchange throughout the year.

EVENTS AFTER THE REPORTING PERIOD

Details of the event after the reporting period for the year are set out in note 38 to the consolidated financial statements.

DIRECTORS' REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2017

The Company's corporate governance practices, including Audit Committee, Nomination Committee and Remuneration Committee, are set out in the Corporate Governance Report on pages 24 to 34 of this Annual Report.

The Company's ESG report will be published on the Company's and the Stock Exchange's websites in relation to environmental and social activities performed in 2017/2018 in due course.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control, risks management and financial reporting matter, including the review of the financial statements for the year ended 31 March 2018.

AUDITORS

HLB Hodgson Impey Cheng Limited ("HLB") will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Chow Wang
Chairman and Chief Executive Officer

Hong Kong, 29 June 2018

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chow Wang ("Mr. Chow"), aged 54, has over more than 20 years of experience in the field of business development, trading and investment. After Mr. Chow finished his secondary education in China in early 80's, he was engaged in trading business in Shenzhen, China. After relocating to Hong Kong in late 80's, Mr. Chow established Ban Loong Shareholding Limited ("Ban Loong") and acquired Union Shine Technology Limited ("Union Shine"). Ban Loong is engaged in the investment in private equity projects in Hong Kong and China, while Union Shine is engaged in the production of consumer electronic products, accessories and parts. Mr. Chow has extensive experience in corporate development and management, and has a well-established social network in financial and business sectors in Hong Kong and China.

Mr. Chow was appointed as an Executive Director, the Chairman of the Board, the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company with effect from 9 October 2014. Mr. Chow was also appointed as a Chief Executive Officer of the Company will effect from 23 January 2017.

Mr. Chow currently acts as a director of the following subsidiaries of the Company, namely, Ban Loong Finance Company Limited, Wan Long Xing Ye Commercial Trading (Hong Kong) Limited, Yunnan Baiyao Qingyitang Hong Kong Limited and Ban Loong Fund Investment Limited.

Mr. Chu Ka Wa ("Mr. Chu"), aged 33, joined the Company in 2013 and was appointed as the Financial Controller of the Company since March 2013. Mr. Chu obtained a Bachelor of Accounting degree from The Hong Kong University of Science and Technology in 2008 and a Master of Corporate Governance degree from The Hong Kong Polytechnic University in 2016. Mr. Chu is a member of Hong Kong Institute of Certified Public Accountants. Mr. Chu is an associate member of Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators.

Mr. Chu was appointed as an Executive Director and Chief Financial Officer of the Company on 23 January 2017. Mr. Chu was also appointed as an authorized representative and a member of the Nomination Committee and the Remuneration Committee of the Company on 24 January 2017.

Mr. Chu currently acts as a director of the following subsidiaries of the Company, namely, Ban Loong Finance Company Limited, Wan Long Xing Ye Commercial Trading (Hong Kong) Limited, Yunnan Baiyao Qingyitang Hong Kong Limited, Susanoo Ventures Limited, Ban Loong Asset Management Limited and Ban Loong Fund Investment Limited.

Mr. Wang Zhaoqing ("Mr. Wang"), aged 54, joined the Company in 2013 and was appointed as the Chief Operating Officer of the Company since December 2013. Mr. Wang graduated from College for Administrative Personnel of the Customs, China in 1987 and College of Economics, Jinan University, Guangzhou in 1989. He also obtained a Master of Business Administration degree from Hong Kong Baptist University in 2004. Mr. Wang obtained a Doctor of Business Administration degree from Victoria University, Switzerland in 2009. From 2007 to 2008, he was a Senior Visiting Scholar in Asia School of Business Singapore. Mr. Wang has over 25 years of working experience in the business operating sector, and is experienced in financial and economic analysis, and the management of import and export.

Mr. Wang was appointed as an Executive Director of the Company on 23 January 2017.

Mr. Wang currently acts as a director of the following subsidiaries of the Company, namely, Ban Loong Finance Company Limited and Jun Qiao Limited.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Fong For ("Mr. Fong"), aged 59, completed his high school education in Lufeng, Guangdong, China. He is currently an Honorary President of the Confederacy of Hong Kong Shanwei Clansmen Limited, and a Vice President of the Standing Committee of the Overseas Friendship Association of Shanwei. Mr. Fong was also previously a member of the Shanwei Committee of the Chinese People's Political Consultative Conference. Mr. Fong has many years of business and management experience in textile, trading, investments, property development and logistics. Mr. Fong was appointed as a Non-executive Director on 12 December 2014.

On 11 May 2006, Mr. Fong (a) pleaded guilty to one summons relating to his failure to notify the listed issuer of his interests in shares of Zheda Lande Scitech Limited, whose H shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code: 8106, amounting to over 10% of the H shares of that listed company which should be disclosed under Part XV of the SFO; (b) was convicted for contravening Part XV of the SFO; and (c) was fined by The Eastern Magistrates' Courts of Hong Kong for HK$6,000 (and investigation costs of the Securities and Futures Commission). Save as disclosed above, Mr. Fong has not been convicted of any other offences.

Despite the conviction disclosed above, both Mr. Fong and the Company consider that it is appropriate for Mr. Fong to act as a director of the Company because the relevant offence has no relevance to his character and integrity and was, according to Mr. Fong, an act of oversight. In particular, although Mr. Fong failed to file the disclosure form to the listed issuer, he did file the disclosure form to the Stock Exchange. The Company has enquired with Mr. Fong about the offence and conviction before his appointment, who confirmed to the Company that he had now gained the relevant knowledge and experience and would be able to comply with the statutory and regulatory requirements imposed on directors of listed companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jiang Zhi ("Mr. Jiang"), aged 49, obtained a master degree (major in civil and commercial law) from Southwest University of Political Science & Law in Shenzhen, PRC in 2001. Mr. Jiang has been practising in various reputable law firms in Shenzhen since 1989. Mr. Jiang obtained PRC solicitors practising certificate and became a qualified lawyer in China in 1993. Mr. Jiang was previously a founder and currently a partner of Guangdong Jun Yan Law Firm from 2003 to August 2015. Mr. Jiang now is the partner of 廣東深信律師事務所. Mr. Jiang provides legal advice to many clients in different industries in the PRC. His practice area includes mainly contract law, real estate law, corporate law and medical law. Mr. Jiang has solid academic foundation and rich practical experience in those areas. Mr. Jiang was appointed as an arbitrator of the Qingyuan Arbitration Commission with hiring period from 1 June 2017 to 1 June 2019. Mr. Jiang was also appointed as deputy secretary for the Secretariat of the Qingyuan Arbitration Commission with hiring period from 27 May 2017 to 28 May 2020.

Mr. Jiang was appointed as an Independent Non-executive Director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company on 19 January 2015.

Mr. Leung Ka Kui, Johnny ("Mr. Leung"), aged 61, holds a Bachelor of Laws of the University of London. Mr. Leung is a qualified solicitor in Hong Kong, England & Wales and Singapore, and is a Notary Public and China Appointed Attesting Officer. He has over 33 years of experience in legal field and is the senior partner of Messrs. Johnny K.K. Leung & Co., Solicitors & Notaries.

Mr. Leung is currently an independent non-executive director of Celestial Asia Securities Holdings Limited (Stock Code: 1049) which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Phoenitron Holdings Limited (Stock Code: 8066) which is listed on GEM of the Stock Exchange ("GEM"). Mr. Leung retired as an independent non-executive director of AMCO United Holdings Limited (Stock Code: 630) on 30 June 2015 which is listed on the Main Board of the Stock Exchange. Mr. Leung was appointed as an independent non-executive director of Aeso Holding Limited (Stock Code: 8341) ("Aeso") on the date of initial listing of Aeso on GEM (i.e. 13 January 2017) and resigned on 8 June 2017 accordingly.

Mr. Leung was appointed as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company on 9 October 2014.

Ms. Wong Chui San, Susan ("Ms. Wong"), aged 45, has been a certified practising accountant of the Australian Society of Certified Practising Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 1999 and May 2000, respectively. She is also a member of The Society of Chinese Accountants and Auditors, a fellow and a certified tax adviser of the Taxation Institute of Hong Kong. Ms. Wong has more than 19-year experience in auditing, accounting and taxation. She is the founder of Messrs. C.S. Wong & Co. and the Director of Pan-China (H.K.) CPA Limited. Ms. Wong is currently the chief financial officer and company secretary of Astrum Financial Holdings Limited (Stock Code: 8333) which is listed on GEM of the Stock Exchange. Ms. Wong resigned as the company secretary of Yin He Holdings Limited (formerly known as Zebra Strategic Holdings Limited) (Stock Code: 8260) on 31 August 2015 which is listed on GEM of the Stock Exchange and resigned as the company secretary of Grand Investment International Limited (Stock Code: 1160) which is listed on the Main Board of the Stock Exchange on 16 June 2017.

Ms. Wong was appointed as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company on 9 October 2014.

COMPANY SECRETARY

Ms. Li Wing Sze ("Ms. Li"), joined the Company in October 2010 and was appointed as the Assistant Company Secretary of the Company since October 2010. Ms. Li obtained a Bachelor of Arts (Honours) degree in Business Administration and Management from De Monfort University, England in 2006, and a Master of Science in Professional Accounting & Corporate Governance from City University of Hong Kong in 2009. Before joining the Company, Ms. Li had many years of working experience in company secretarial field and had worked as assistant company secretary of other listed companies of Hong Kong since as early as 2006. Ms. Li is an associate member of Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators.

CORPORATE GOVERNANCE REPORT

The Board is committed to achieving and maintaining high standards of corporate governance to ensure that all decisions are made in good faith, in the best interest of Shareholders and in long-term shareholders value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance standards of the Company are built on the principles of independence, accountability, transparency and fairness. The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 March 2018.

In the opinion of the Board, the Company has complied with the code provisions save for deviations as set out below:

Code Provision A.2.1

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

The Board considers that vesting the roles of chairman of the Board and chief executive of the Company in the same individual is beneficial to the business prospects and management of the Company. The Board will nevertheless review this structure from time to time and will consider the segregation of the two roles at the appropriate time.

Code Provision A.4.1

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

Code Provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors ("INEDs") and other non-executive directors ("NEDs") should attend general meeting. Out of three INEDs of the Company, only two INEDs attended the special general meeting and the annual general meeting of the Company held on 18 May 2017 (the "2017 SGM") and 27 September 2017 (the "2017 AGM") respectively. There were one INED and one NED unable to attend the 2017 SGM and 2017 AGM due to other business engagement.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the full set of the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. 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 relevant negotiations or agreements or any inside information of the Group.

Having made specific enquiry of all directors, the Board confirms that the Directors have complied with the Model Code regarding directors' securities transactions during the year and up to the date of publication of this Annual Report.

THE BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, oversee the Group's businesses and evaluate the performance of the Group. The Board also focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to Executive Directors and senior management, while reserving certain key matters for its approval. When the Board delegates aspects of its management and administration functions to management, it has given clear directions as to the powers of the management, in particular, with respect to the circumstances where management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Directors of the Company were supplied with adequate and relevant information in a timely manner to enable them forming decision in the relevant meetings. Every Director is aware that he/she should give sufficient time and attention to the affairs of the Company. Agreed procedures are in place providing to the member of the Board and/or committee to seek independent professional advice at the Company's expenses to assist them to discharge their duties.

The Company's senior management regularly supplies the Board and its Committees with adequate information in a timely manner to enable them to make informed decisions. For Board meetings and the Board Committee meetings, the agenda accompanying with Board papers were sent to all directors at least 2 days before the intended date of the Board meetings or Board Committee meetings.

Board composition

The Board currently consists of seven directors as follows:

Executive Directors
Mr. Chow Wang *(Chairman & Chief Executive Officer)*
Mr. Chu Ka Wa *(Chief Financial Officer)*
Mr. Wang Zhaoqing *(Chief Operating Officer)*

Non-executive Director
Mr. Fong For

Independent Non-executive Directors
Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny
Ms. Wong Chui San, Susan

THE BOARD OF DIRECTORS (CONTINUED)

Board composition (Continued)

There is no financial, business, family or other material/relevant relationship among members of the Board and between the Chairman and the chief executive officer.

All Directors have different professional and relevant industry experiences and background so as to bring in valuable contributions and advices for the development of the Group's business. Currently, there are 3 out of 7 Directors are INEDs and one of them is qualified accountant. Biographical details of the Directors are set out in the section of "Biographical information of directors and senior management" in this Annual Report.

At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. A retiring director shall be eligible for re-election and shall continue to act as a director throughout the meeting at which he retires. According to the Company's Bye-Laws, all newly appointed directors will hold office until the first general meeting of members after his/their appointment(s) and shall then be eligible for re-election.

Chairman and Chief Executive Officer

From 23 January 2017 onwards, the roles of chairman and chief executive of the Company were performed by Mr. Chow Wang.

The Board considers that vesting the roles of chairman of the Board and chief executive of the Company in the same individual is beneficial to the business prospects and management of the Company. The Board will nevertheless review this structure from time to time and will consider the segregation of the two roles at the appropriate time.

Non-Executive Directors

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

The Company has received written confirmation from each independent non-executive director of their independence to the Group. The Group considered all of independent non-executive directors meet the independence guidelines set out in Rules 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Board meetings

The Board held 6 meetings in the fiscal year. Directors have been consulted to advice the agenda of the Board meeting. Sufficient notice of the Board meeting has been given to the directors.

Directors may attend meetings in person or via telephone, electronic or other communication facilities. Minutes of the Board and the Board Committees are recorded in sufficient details and kept by the company secretary for inspection at any reasonable time on reasonable notice by any directors.

THE BOARD OF DIRECTORS (CONTINUED)

Board meetings (Continued)

The Board holds meetings on a regular basis and will meet on other occasions when a board-level decision on a particular matter is required. The Board also monitors and controls financial performance in pursuit of the Group's strategic objectives. The attendance of individual director at Board meetings held during the accounting period is set out below.

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual/ Special General Meeting
Total numbers of meetings held during the year ended 31 March 2018	6	2	2	2	2
Executives:					
Mr. Chow Wang	5/6	N/A	2/2	2/2	2/2
Mr. Chu Ka Wa	6/6	N/A	2/2	2/2	2/2
Mr. Wang Zhaoqing	6/6	N/A	N/A	N/A	2/2
Non-Executive:					
Mr. Fong For	5/6	N/A	N/A	N/A	0/2
Independent Non-executives:					
Mr. Jiang Zhi	6/6	2/2	2/2	2/2	2/2
Mr. Leung Ka Kui, Johnny	6/6	2/2	2/2	2/2	0/2
Ms. Wong Chui San, Susan	6/6	2/2	2/2	2/2	2/2

Directors' training and professional development

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company had arranged an in-house training for Directors organized by our in-house lawyer covering the topics on the inside information disclosure requirements under the Securities and Futures Ordinance and continuing and connected transactions under Chapter 14A of the Listing Rules. Reference materials were from time to time provided to Directors to update them with the relevant laws and Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance functions:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report;

(f) to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives; and

(g) to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems and review their effectiveness.

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 Board to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieving a sustainable and balanced development of the Company, 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, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

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

BOARD COMMITTEES

When the Board delegates aspects of its management and administration functions to management, it has given clear directions as to the powers of management, in particular, with respect to the circumstances where management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Company has set up three committees including Audit Committee, Nomination Committee and Remuneration Committee, each Committee with its specific terms of reference as set out in the CG Code.

Remuneration Committee

The Company has established a remuneration committee (the "RC") with written terms of reference in consistence with the CG Code for the purpose of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

The work of the RC during the year ended 31 March 2018 included the following matters:

i. reviewed and made recommendations to the Board the increment in remuneration packages for the year 2017/2018 for all the Directors and senior management staff of the Company. The RC has considered factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

ii. determined, with delegated responsibility, the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

iii. ensured no director or any of his associated is involved in deciding his own remuneration; and

iv. reviewed and made recommendations to the Board the emolument policy of the employees of the Group on the basis of their merit, qualification and competence.

The details of the remuneration of the Directors are set out in note 11 to the consolidated financial statements.

The number of RC meeting held during the year and record of individual attendance of members, on a named basis, at meetings held was set out in section headed "Board meetings" above.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

The RC currently consists of the following members:

Independent Non-executive Directors
Mr. Leung Ka Kui, Johnny *(Chairman)*
Mr. Jiang Zhi
Ms. Wong Chui San, Susan

Executive Directors
Mr. Chow Wang
Mr. Chu Ka Wa

Nomination Committee

The Company has established a nomination committee (the "NC") with written terms of reference in consistence with the CG Code for the purpose of reviewing the structure, size and composition of the Board on a regular basis and identifying individuals suitably qualified to become board members. It is also responsible for assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

In addition, the shareholders have the power to nominate any person to become a director of the Company in accordance with the Company's Bye-Laws, the procedure for election of directors was published on the Company's website.

The work of the NC during the year ended 31 March 2018 included the following matters:

i. evaluated the above named directors' skills, qualifications, knowledge and experiences;

ii. reviewed the composition of the Board in accordance with the measurable objective of the Board Diversity Policy;

The number of NC meeting held during the year and record of individual attendance of members, on a named basis, at meetings held was set out in section headed "Board meetings" above.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

The NC currently consists of the following members:

Independent Non-executive Directors
Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny
Ms. Wong Chui San, Susan

Executive Directors
Mr. Chow Wang *(Chairman)*
Mr. Chu Ka Wa

Audit Committee

The Company has established an audit committee (the "AC") with written terms of reference in consistence with the CG Code. The revised terms of reference are posted on the websites of the Company and the Stock Exchange.

The AC is responsible for review of the Group's financial information and oversight of the Group's financial reporting system, risk management and internal control procedure. The AC is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records, external auditors and senior management.

During the year ended 31 March 2018, the AC held 2 meetings and the work of AC included the following matters:

i. discussed with management the risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks and draft a written risk management policy to monitor the Group's business objectives;

ii. discussed with management the status of interim results for the six months ended 30 September 2017 and annual results for the year ended 31 March 2018;

iii. reviewed and discussed with management the report of the risk management and internal control systems proposed by SHINEWING Risk Services Limited ("SHINEWING"), an external control consultant to assess the internal control and risk management of the Company during the year ended 31 March 2018;

iv. reviewed and discussed with management and the external auditors regarding the financial statements for the year ended 31 March 2017 and management letter;

v. reviewed and discussed with management and the external auditors regarding the unaudited interim financial statements for the six months ended 30 September 2017 and management letter;

vi. reviewed the effectiveness of internal control system;

vii. reviewed the external auditors' statutory audit plan and engagement letter;

viii. discussed with the management and ensured that the Board has conducted an annual review such that there is adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function;

ix. recommended to the Board, for the approval by shareholders, of the re-appointment of the auditors; and

x. reviewed and discussed the draft of the internal audit policy in order to monitor the Group's daily operation and carry out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

The number of AC meetings held during the year and record of individual attendance of members, on a named basis, at meetings held was set out in section headed "Board meetings" above. The Group's Annual Report for the year ended 31 March 2018 has been reviewed by the AC.

The AC currently consists of the following members. Ms. Wong Chui San, Susan is the certified public accountant for many years.

Independent Non-executive Directors
Ms. Wong Chui San, Susan *(Chairman)*
Mr. Jiang Zhi
Mr. Leung Ka Kui, Johnny

ACCOUNTABILITY AND AUDIT

Financial reporting

The directors acknowledge their responsibility for preparing the financial statements of the Group and have adopted the accounting principles generally accepted in Hong Kong and complied with the requirements of Hong Kong Financial Reporting Standards (which include all Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance.

During the reporting year, the management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval. The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The reporting responsibilities of the Company's independent auditors are set out in the Independent Auditors' Report on pages 35 to 38.

Risk management system

The Board, through the Audit Committee, is responsible for overseeing the design, implementation and monitoring of the risk management. The risk management is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

Under the risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, credit, operational (administrative, system, human resources, tangible and reputation), market, liquidity, legal and regulatory risks.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal control system

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times. The system of internal control aims to achieve the Group's business objectives, safeguard assets and maintain proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

In addition, a policy and procedure regarding the publication inside information is established, setting out the guiding principles, procedures and internal controls for the handling and dissemination of price-sensitive information in a timely manner.

During the year under review, the Board has reviewed the internal control policy and concluded that in general, the Group's internal control system is effective and adequate; no material deficiencies have been identified.

However, the Group has engaged an external control consultant, SHINEWING, to conduct a review on the risk management and internal control systems of the Group during the year. The review covered certain operational procedures and included recommendations for improvement and strengthening of the risk management system and internal control systems of the Group.

A report of the risk management and internal control systems prepared by SHINEWING was submitted to the Audit Committee of the Company.

There are no significant control failings or weakness has been identified by SHINEWING during the review. The Board considered that the risk management and internal control systems of the Group are effective and adequate.

Internal audit function

The Group also has internal audit function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The internal audit function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An internal audit policy has been approved and adopted by the Board. According to internal audit policy, review of the risk management and internal control systems is conducted semi-annually and the results are reported to the Board via Audit Committee of the Company afterwards.

AUDITOR'S REMUNERATION

The financial statements for the year ended 31 March 2018 have been audited by HLB Hodgson Impey Cheng Limited ("HLB"). Fee paid or payable to the auditor for audit service provided to the Group is approximately HK$1,300,000. The auditor's remuneration has been duly approved by the Audit Committee and there was no disagreement between the Board and the Audit Committee on the selection and appointment of the auditor. During the financial year, fee paid or payable to the auditor for non-audit services provided to the Group was approximately HK$200,000, most of which was related to the professional accountancy works for the Group's proposed acquisition.

COMPANY SECRETARY

Ms. Li Wing Sze ("Ms. Li"), the Company Secretary of the Company, has confirmed that for the year ended 31 March 2018, she has complied with Rule 3.29 of the Listing Rules. Ms. Li has taken no less than 15 hours of relevant professional training. Ms. Li's biography is set out in the section of "Biographical Information of Directors and Chief Executive Officer" in this Annual Report.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Effective communication

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as chairman of the Audit Committee and Remuneration Committee, or in their absence, other members of the respective committees, are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with investors and analysis to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

Voting by poll

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's articles of association. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results were published on the website of the Stock Exchange as well as the Company's website.

SHAREHOLDERS' RIGHTS

Convening extraordinary general meeting and putting forward proposals at Shareholder's meetings

Pursuant to section 74(1) of the Bermuda Companies Act, the Directors, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the principal place of business of the Company in Hong Kong. The same requirement and procedure also applies to any proposal to be tabled at shareholders' meetings for adoption.

Shareholders' enquiries to the Board

Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing to the Company Secretary whose contact details are set out in the "Contact Us" section of the Company's website at http://www.0030hk.com/news.php.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

The Group has from time to time endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its projects meet the required standards and ethics in respect of environmental protection and to lead its reduction in greenhouse gas emissions that contribute to climate change.

The Company will issue Environmental, Social and Governance Report in a separate manner and publish the report on the Company's website (www.0030hk.com) and the Stock Exchange's website (www.hkexnews.hk).

CONSTITUTIONAL DOCUMENTS

The bye-laws of the Company are available on the Company's website: www.0030hk.com and the Stock Exchange's website: www.hkexnews.hk. No significant change is made to the Company's constitutional documents during the year.

INDEPENDENT AUDITOR'S REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF BAN LOONG HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Ban Loong Holdings Limited and its subsidiaries ("the Group") set out on pages 39 to 109, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) De-consolidation of subsidiaries

As disclosed in notes 3 and 33 to the consolidated financial statements, the management of the Company became aware during the financial year ended 31 March 2017 of a civil ruling dated 9 January 2017 (the "First Civil Ruling") and a civil judgement dated 10 October 2016 (the "Second Civil Judgement"). The First Civil Ruling ordered, inter alia, the freezing of the entire equity holding of Tong Bai County Yin Di Mining Company Limited ("Yin Di Mining"), an indirect subsidiary of the Company, and the mining license owned by Yin Di Mining. The Second Civil Judgement ordered, inter alia, that the equity transfer agreement dated 28 February 2011 signed between Zhengzhou Jinfuyuan Mining Company Limited ("Jinfuyuan Mining"), an indirect subsidiary of the Company, and Henan Guiyuan Industry Co. Ltd ("Henan Guiyuan") for the transfer of equity of Yin Di Mining for the consideration of RMB28,000,000 payable in cash (the "Equity Transfer Agreement") be terminated and all equity holding of Yin Di Mining be re-transferred to Henan Guiyuan.

Also, upon searches of public records conducted by the Group's legal advisers, the management of the Company became aware of a ruling enforcement order dated 23 November 2016 (the "Enforcement Order") issued by Henan Province Zhengzhou City Intermediate People's Court ("Zhengzhou Court") ordering Jinfuyuan Mining to transfer the entire equity holding in Yin Di Mining to Henan Guiyuan. Subsequently, according to the public record searches, the 90% equity interest in Yin Di Mining held by Jinfuyuan Mining was purportedly transferred to Henan Guiyuan on 17 January 2017.

As revealed in the Second Civil Judgement, Henan Guiyuan alleged that Jinfuyuan Mining only paid RMB3,000,000 by way of deposit to Henan Guiyuan between March and November 2011 even though Henan Guiyuan had completed the transfer of the 95% equity of Yin Di Mining to Jinfuyuan Mining in April 2011 in performance of the terms of the Equity Transfer Agreement and that on 30 May 2011, both parties signed a supplemental agreement such that if Jinfuyuan Mining failed to pay the balance of RMB25,000,000 within 60 days, then it shall, inter alia, retransfer the equity holding in Yin Di Mining to Henan Guiyuan unconditionally and allow the RMB3,000,000 deposit to be forfeited. Henan Guiyuan further alleged that on 18 December 2015, Jinfuyuan Mining signed a declaration and gave it to Henan Guiyuan, confirming that it owed the outstanding consideration to Henan Guiyuan and agreed to re-transfer its equity holding in Yin Di Mining to Henan Guiyuan.

Given the above circumstances, the Group faced obstructions in exercising control over, and gathering information and documents regarding, Yin Di Mining and its subsidiary (collectively, the "De-consolidated Subsidiaries"). The Group regards that it has lost control over the entire operations of the De-consolidated Subsidiaries and the directors of the Company have determined to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries as at and for the years ended 31 March 2017 and 2018 from the Group's consolidated financial statements. Hence the De-consolidated Subsidiaries have been deconsolidated with effect from 1 April 2016 in the consolidated financial statements of the Group. The resulting loss arising from the deconsolidation of HK$115,847,836 has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017 and the resulting adjustments of HK$908,026 and HK$99,376,259 have been made to the exchange reserve and non-controlling interests respectively in the year ended 31 March 2017.

Under Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements", the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries should be derecognised from the consolidated financial statements of the Group at the date when control over the De-consolidated Subsidiaries was lost. As at the date of approval for issuance of the consolidated financial statements for the year ended 31 March 2018, the investigations by the PRC legal advisers into, inter alia, the factual circumstances and the claims and allegations of Henan Guiyuan, as instructed by the Company, was still in progress and the Company is not yet in a position to assess the impact of the First Civil Ruling and Second Civil Judgement on the operations and financial position of the Group. Further, we were unable to gain access to the books and records and management personnel of the De-consolidated Subsidiaries. Consequently, we were unable to obtain sufficient appropriate audit evidence and explanation to assess the appropriateness of the accounting treatment adopted by the Group of treating the De-consolidated Subsidiaries as subsidiaries of the Group from 2011 onwards and until the date of their deconsolidation. We were also unable to obtain sufficient appropriate audit evidence and explanation to satisfy ourselves as to the date when the Group lost control over the De-consolidated Subsidiaries. Had we been able to assess these matters, many elements in the consolidated financial statements for the current financial year and previous financial years might have been materially affected, including the assets and liabilities of the Group as at 31 March 2018 and 2017, the loss and cash flows of the Group for the years ended 31 March 2018 and 2017 and the related disclosures thereof in the consolidated financial statements.

(b) Amounts due from the De-consolidated Subsidiaries

During the year ended 31 March 2017, the Group recorded an impairment of amounts due from the Deconsolidated Subsidiaries of HK$71,145,551 due to the circumstances described in paragraph (a) above. We were unable to obtain sufficient appropriate audit evidence regarding the validity, existence and impairment assessment of the amounts due from the De-consolidated Subsidiaries as at 31 March 2018 and 2017 because: (i) there was inadequate documentary evidence available for us to verify the validity, existence and nature of the amounts due from the De-consolidated Subsidiaries; (ii) we were unable to carry out any effective confirmation procedures in relation to the amounts due from the De-consolidated Subsidiaries for the purpose of our audit; (iii) there was inadequate documentary evidence available for us to satisfy ourselves as to whether the impairment testing in respect of the amounts due from the De-consolidated Subsidiaries were properly recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards, including Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement"; and (iv) there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts due from the De-consolidated Subsidiaries as at 31 March 2018 and 2017 were free from material misstatement. In addition, the scope limitation explained in paragraph (a) above as to the date when the Group lost control over the De-consolidated Subsidiaries would also affect the appropriate accounting period in which the impairment loss should be recognised. Any adjustments that might have been found necessary may have a significant consequential effect on the carrying amount of, and impairment loss on, the amounts due from the De-consolidated Subsidiaries and hence on the net assets of the Group as at 31 March 2018 and 2017 and the loss and cash flows of the Group for the years ended 31 March 2018 and 2017, and the related disclosures thereof in the consolidated financial statements.

(c) Contingent liabilities and commitments

As disclosed in notes 3 and 33 to the consolidated financial statements, due to circumstances described in paragraph (a) above, we have not been able to obtain sufficient appropriate audit evidence and explanations as to whether the contingent liabilities and commitments committed by the Group were properly recorded and accounted for and in compliance with the requirements of applicable HKFRSs, including Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the contingent liabilities and commitments were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the net assets of the Group as at 31 March 2018 and 2017 and the loss and cash flows of the Group for the years ended 31 March 2018 and 2017, and the related disclosures thereof in the consolidated financial statements.

(d) Related party transactions

The scope limitation explained in paragraph (a) above as to the date when the Group lost control over the De-consolidated Subsidiaries would affect the disclosures of related party transactions in the consolidated financial statements in the event that the date of loss of control is actually after 1 April 2016. Accordingly, we have not been able to obtain sufficient appropriate audit evidence as to whether the related party transactions disclosures were properly recorded and accounted for and in compliance with the requirements of applicable HKFRSs, including Hong Kong Accounting Standard 24 "Related Party Disclosures". There were no practical alternative procedures that we could perform over the related party transactions which occurred during the years ended 31 March 2018 and 2017.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditors' report. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Bases for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Matters under sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence as described in the Bases for Disclaimer of Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 29 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$	2017 HK$
Continuing operations			
Revenue	7	**767,607,149**	299,259,373
Cost of sales		**(711,567,937)**	(271,265,726)
Gross profit		**56,039,212**	27,993,647
Other income and gain	8	**60,305**	155,280
Impairment of amounts due from De-consolidated Subsidiaries		**–**	(71,145,551)
Loss on de-consolidation of subsidiaries	33	**–**	(115,847,836)
Fair value loss on derivative component of convertible bonds		**–**	(201,806)
Share of result of an associate	17	**(175,837)**	–
Selling and distribution expenses		**(408,532)**	–
General and administrative expenses		**(51,049,546)**	(24,870,504)
Finance costs	9	**(4,650,000)**	(4,654,889)
Loss before tax	10	**(184,398)**	(188,571,659)
Income tax expenses	13	**(1,309,522)**	(2,661,092)
Loss for the year from continuing operations		**(1,493,920)**	(191,232,751)
Discontinued operations			
Loss for the year from discontinued operations	14	**–**	(7,852,169)
Loss for the year		**(1,493,920)**	(199,084,920)
Other comprehensive income/(expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operation		**13,071,812**	(3,859,423)
Exchange reserve released on de-consolidation of subsidiaries		**–**	908,026
Exchange reserve released on disposal of subsidiaries		**–**	(9,723)
Other comprehensive income/(expense) for the year		**13,071,812**	(2,961,120)
Total comprehensive income/(expense) for the year		**11,577,892**	(202,046,040)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$	2017 HK$
Loss for the year attributable to owners of the Company			
– from continuing operations		**(1,465,735)**	(191,218,035)
– from discontinued operations		**–**	(6,664,156)
Loss for the year attributable to owners of the Company		**(1,465,735)**	(197,882,191)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(28,185)**	(14,716)
– from discontinued operations		**–**	(1,188,013)
Loss for the year attributable to non-controlling interests		**(28,185)**	(1,202,729)
		(1,493,920)	(199,084,920)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**11,637,689**	(200,149,098)
Non-controlling interests		**(59,797)**	(1,896,942)
		11,577,892	(202,046,040)
Loss per share	15		
From continuing and discontinued operations			
– Basic and diluted (HK cents)		**(0.03)**	(6.04)
From continuing operations			
– Basic and diluted (HK cents)		**(0.03)**	(5.83)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$	2017 HK$
Non-current assets			
Property, plant and equipment	16	**4,073,539**	4,594,205
Interest in an associate	17	**558,803**	–
Loan receivable	19	**1,019,488**	–
Deferred tax asset	26	**209,642**	138,112
		5,861,472	4,732,317
Current assets			
Trade receivables	18	**29,280,334**	10,391,604
Loan and interest receivables	19	**358,909,116**	231,903,888
Other receivables, deposits and prepayments	20	**198,195,178**	99,586,992
Tax recoverable		**1,414,296**	–
Bank balances and cash	21	**144,042,321**	114,323,600
		731,841,245	456,206,084
Current liabilities			
Trade and other payables	22	**109,100,093**	43,601,911
Amounts due to non-controlling shareholders of subsidiaries	23	**4,375,651**	4,375,651
Tax payable		**3,303**	1,809,441
Bonds	24	**67,629,000**	66,829,000
		181,108,047	116,616,003
Net current assets		**550,733,198**	339,590,081
Net assets		**556,594,670**	344,322,398

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$	2017 HK$
Capital and reserves			
Share capital	27	**54,481,522**	45,401,268
Reserves		**501,650,399**	299,327,384
Equity attributable to owners of the Company		**556,131,921**	344,728,652
Non-controlling interests		**462,749**	(406,254)
Total equity		**556,594,670**	344,322,398

The consolidated financial statements on pages 36 to 109 were approved and authorised for issue by the board of directors on 29 June 2018 and are signed on its behalf by:

Chow Wang
Director

Chu Ka Wa
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company								
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Convertible bonds equity reserve HK$	Exchange reserve HK$	Accumulated losses HK$	Sub-total HK$	Non-controlling interests HK$	Total HK$
At 1 April 2016	24,305,532	431,177,590	176,000	3,926,666	1,018,890	(134,438,565)	326,166,113	107,781,128	433,947,241
Loss for the year	–	–	–	–	–	(197,882,191)	(197,882,191)	(1,202,729)	(199,084,920)
Other comprehensive (expense)/ income for the year:									
Exchange differences arising on translating foreign operation	–	–	–	–	(3,165,210)	–	(3,165,210)	(694,213)	(3,859,423)
Exchange reserve released on de-consolidation of subsidiaries (note 33)	–	–	–	–	908,026	–	908,026	–	908,026
Exchange reserve released on disposal of subsidiaries (note 29)	–	–	–	–	(9,723)	–	(9,723)	–	(9,723)
Total comprehensive expense for the year	–	–	–	–	(2,266,907)	(197,882,191)	(200,149,098)	(1,896,942)	(202,046,040)
Issue of shares upon placing (note 27)	7,242,420	68,622,000	–	–	–	–	75,864,420	–	75,864,420
Transaction costs attributable to placing of shares	–	(1,981,995)	–	–	–	–	(1,981,995)	–	(1,981,995)
Issue of shares upon right issue (note 27)	13,353,316	129,743,891	–	–	–	–	143,097,207	–	143,097,207
De-consolidation of subsidiaries (note 33)	–	–	–	–	–	–	–	(99,376,259)	(99,376,259)
Disposal of subsidiaries (note 29)	–	–	–	–	–	–	–	(6,914,181)	(6,914,181)
Issue of shares upon conversion of convertible bonds (note 27)	500,000	1,232,005	–	(3,926,666)	–	3,926,666	1,732,005	–	1,732,005
At 31 March 2017 and 1 April 2017	45,401,268	628,793,491	176,000	–	(1,248,017)	(328,394,090)	344,728,652	(406,254)	344,322,398
Loss for the year	–	–	–	–	–	(1,465,735)	(1,465,735)	(28,185)	(1,493,920)
Other comprehensive income for the year:									
Exchange differences arising on translating foreign operation	–	–	–	–	13,103,424	–	13,103,424	(31,612)	13,071,812
Total comprehensive expense for the year:	–	–	–	–	13,103,424	(1,465,735)	11,637,689	(59,797)	11,577,892
Incorporation of a subsidiary	–	–	–	–	–	–	–	928,800	928,800
Issue of shares upon shares subscription (note 27)	9,080,254	190,685,326	–	–	–	–	199,765,580	–	199,765,580
At 31 March 2018	54,481,522	819,478,817	176,000	–	11,855,407	(329,859,825)	556,131,921	462,749	556,594,670

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK$	2017 HK$
OPERATING ACTIVITIES			
Loss before tax from			
– continuing operations		**(184,398)**	(188,571,659)
– discontinued operation		**–**	(7,852,169)
		(184,398)	(196,423,828)
Adjustments for:			
Depreciation of property, plant and equipment	16	**1,679,571**	1,230,198
Loss on disposal of subsidiaries	29	**–**	5,427,652
Impairment of amounts due from De-consolidated Subsidiaries	33	**–**	71,145,551
Loss on de-consolidation of subsidiaries	33	**–**	115,847,836
Fair value loss on derivative component of convertible bonds	25	**–**	201,806
Finance costs	9	**4,650,000**	4,654,889
Bank interest income	8	**(60,305)**	(10,840)
Share of results of an associate	17	**175,837**	–
Operating cash flows before movements in working capital		**6,260,705**	2,073,264
Increase in trade receivables		**(17,005,857)**	(10,212,630)
Increase in loan and interest receivables		**(128,024,716)**	(109,434,011)
Increase in other receivables, deposits and prepayments		**(115,503,255)**	(28,002,861)
Increase in trade and other payables		**80,855,078**	16,588,624
Increase in amount due from an associate		**(34,640)**	–
Cash used in operation		**(173,452,685)**	(128,987,614)
Tax paid		**(4,601,486)**	(1,855,710)
Net cash used in operating activities		**(178,054,171)**	(130,843,324)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK$	2017 HK$
INVESTING ACTIVITIES			
Bank interest received		**60,305**	10,840
Increase in loans advanced to independent third parties		**31,847,473**	(43,668,795)
Purchases of property, plant and equipment		**(1,089,480)**	(2,015,660)
Investment in an associate		**(700,000)**	–
Net cash flow from de-consolidation of subsidiaries		**–**	4,023,255
Net cash outflow from disposal of subsidiaries	29	**–**	(12,475,889)
Net cash used in investing activities		**30,118,298**	(54,126,249)
FINANCING ACTIVITIES			
Proceeds from placing of shares	27	**–**	75,864,420
Expenses paid for placing of shares		**–**	(1,981,995)
Capital injection from a non-controlling interest of a subsidiary		**928,800**	–
Proceeds from shares subscription	27	**199,765,580**	–
Net proceeds from right issue		**–**	143,097,207
(Decrease)/Increase in loans advanced from independent third parties		**(22,266,826)**	24,706,166
Interest paid		**(3,850,000)**	(3,851,973)
Net cash from financing activities		**174,577,554**	237,833,825
Net increase in cash and cash equivalents		**26,641,681**	52,864,252
Cash and cash equivalents at beginning of the year		**114,323,600**	62,712,761
Effect of foreign exchange rate changes		**3,077,040**	(1,253,413)
Cash and cash equivalents at end of the year, represented by bank balance and cash		**144,042,321**	114,323,600

1. GENERAL INFORMATION

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

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

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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following amended HKFRSs and HKASs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

None of the above amendments to HKFRSs has had a significant financial effect on these consolidated financial statements.

A reconciliation between the opening and closing balances of these items is provided in note to the financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements. Except as described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfer of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual period beginning on or after 1 January 2021

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available-for-sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

In general, the directors also anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group. However, the directors do not anticipate that the application of the expected credit loss model of HKFRS 9 will have material impact to the opening accumulated losses at 1 January 2018.

Except for abovementioned, the directors anticipate that the adoption of HKFRS 9 in the future will not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2018.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

***HKFRS 15 Revenue from Contracts with Customers* (Continued)**

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected/and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company perform a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all lessee by lessees, except for short-term leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents other operating lease payments as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and financing cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carried forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As set out in note 30, total operating lease commitment of the Group in respect of its office properties as at 31 March 2018 was amounting to HK$2,463,657. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results at this stage but it is expect certain portion of these lease commitments will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirement of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. 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 liability, the Group takes into account the 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 within the scope of HKAS 17 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 entirely, 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.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

De-consolidation

The management of the Company became aware during the year ended 31 March 2017 of a civil ruling dated 9 January 2017 (the "First Civil Ruling") and a civil judgement dated 10 October 2016 (the "Second Civil Judgement"). The First Civil Ruling ordered, inter alia, the freezing of the entire equity holding of Tong Bai County Yin Di Mining Company Limited ("Yin Di Mining"), an indirect subsidiary of the Company, and the mining license owned by Yin Di Mining. The Second Civil Judgement ordered, inter alia, that the equity transfer agreement dated 28 February 2011 signed between Zhengzhou Jinfuyuan Mining Company Limited ("Jinfuyuan Mining"), an indirect subsidiary of the Company, and Henan Guiyuan Industry Co. Ltd ("Henan Guiyuan") for the transfer of equity of Yin Di Mining at the consideration of RMB28,000,000 payable in cash (the "Equity Transfer Agreement") be terminated and all equity holding of Yin Di Mining be re-transferred to Henan Guiyuan.

Also, upon searches of public records conducted by the Group's legal advisers, the management of the Company became aware of a ruling enforcement order dated 23 November 2016 (the "Enforcement Order") issued by Henan Province Zhengzhou City Intermediate People's Court ("Zhengzhou Court") ordering Jinfuyuan Mining to transfer the entire equity holding in Yin Di Mining to Henan Guiyuan. Subsequently, according to the public record searches, the 90% equity interest in Yin Di Mining held by Jinfuyuan Mining was purportedly transferred to Henan Guiyuan on 17 January 2017.

As revealed in the Second Civil Judgement, Henan Guiyuan alleged that Jinfuyuan Mining only paid RMB3,000,000 by way of deposit to Henan Guiyuan between March and November 2011 even though Henan Guiyuan had completed the transfer of the 95% equity of Yin Di Mining to Jinfuyuan Mining in April 2011 in performance of the terms of the Equity Transfer Agreement and that on 30 May 2011, both parties signed a supplemental agreement such that if Jinfuyuan Mining failed to pay the balance of RMB25,000,000 within 60 days, then it shall, inter alia, re-transfer the equity holding in Yin Di Mining to Henan Guiyuan unconditionally and allow the RMB3,000,000 deposit to be forfeited. Henan Guiyuan further alleged that on 18 December 2015, Jinfuyuan Mining signed a declaration and gave it to Henan Guiyuan, confirming that it owed the outstanding consideration to Henan Guiyuan and agreed to re-transfer its equity holding in Yin Di Mining to Henan Guiyuan.

Given the above circumstances, the Group faced obstructions in exercising control over, and gathering information and documents regarding Yin Di Mining and its subsidiary (collectively, the "De-consolidated Subsidiaries"), and the Group regards that it has lost control over the entire operations of the De-consolidated Subsidiaries and the directors of the Company have determined to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries from the Group's consolidated financial statements as at and for the year ended 31 March 2017 (the "2017 Consolidated Financial Statements"). Hence the De-consolidated Subsidiaries have been deconsolidated with effect from 1 April 2016 in the 2017 Consolidated Financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

De-consolidation (Continued)

Under Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements", the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries should be derecognized from the consolidated financial statements of the Group at the date when control over the De-consolidated Subsidiaries was lost. As at the date of approval for issuance of the Group's consolidated financial statements as at and for the year ended 31 March 2018, the investigations by the PRC legal advisers into, inter alia, the factual circumstances and the claims and allegations of Henan Guiyuan, as instructed by the Company, was still in progress and the Company is not yet in a position to assess the impact of the First Civil Ruling and Second Civil Judgement on the operations and financial position of the Group. Further, we were unable to gain access to the books and records of the De-consolidated Subsidiaries. Consequently, we were unable to obtain sufficient appropriate audit evidence and explanation to assess the appropriateness of the accounting treatment adopted by the Group of treating the De-consolidated Subsidiaries as subsidiaries of the Group before the date of their deconsolidation. We were also unable to obtain sufficient appropriate audit evidence and explanation to satisfy ourselves as to the date when the Group lost control over the De-consolidated Subsidiaries. Had we been able to assess these matters, many elements in the consolidated financial statements for the current financial year and previous financial years might have been materially affected, including the assets and liabilities of the Group as at 31 March 2017 and 2018, the loss and cash flows of the Group for the years ended 31 March 2017 and 2018, and the related disclosures thereof in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the result of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group''s share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Deposits and instalments received from customers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from lease is recognised in profit or loss on straight line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operations, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred tax are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation of these assets, other than certain mining structures depreciated using the UOP method, is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Certain mining structures are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of certain mining structures using the UOP method over the total proven mineral reserves of the mines.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in profit or loss in the period in which the item is derecognised.

Intangible assets

Mining right and reserves

Mining right and reserves are stated at cost less accumulated amortisation and any impairment losses. Mining right and reserves include the cost of acquiring mining licences and exploration and evaluation costs transferred from exploration rights upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining right and reserves are amortised over the estimated useful lives, in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the UOP method. Mining right and reserves are written off to the consolidated statement of profit or loss and other comprehensive income if the mining property is abandoned.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Exploration rights

Exploration rights are stated at cost less impairment losses. Exploration rights include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies.

Exploration and evaluation costs include expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining infrastructure or mining right and reserves and depreciated/amortised by the UOP method based on the proven and probable mineral reserves. Costs incurred for exploration which can be directly attributable to the development of mining infrastructure are transferred to mining infrastructure when the exploration reaches the stage of commercial production. All other costs will be transferred to mining right and reserves. Exploration rights are written off to the consolidated statement of profit or loss and other comprehensive income if the exploration property is abandoned.

Cash and cash equivalents

Cash and short-term deposit in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into available-for-sale financial assets, financial asset at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying value on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in other income in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, loan and interest receivables, other receivables, deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, loan and interest receivables, other receivables and assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past due and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, loan and interest receivables and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable, loan and interest receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and other payables, bank borrowing, amounts due to non-controlling shareholders of subsidiaries and bonds, are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying value on initial recognition.

Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently measured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

The financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provision for reinstatement costs

Provision for reinstatement costs are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made on the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Depreciation and estimated useful life of property, plant and equipment

Property, plant and equipment are depreciated on a systematic basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the estimated useful life of the property, plant and equipment. If the expectation differs from the original estimates, such differences from the original estimates will affect the depreciation charges in the year in which the estimates change. The carrying amount of the Group's property, plant and equipment as at 31 March 2018 was HK$4,073,539 (2017: HK$4,594,205).

Impairment of property, plant and equipment

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of these assets, or, where appropriate, the cash-generating unit to which they belong, is the higher of their fair value less costs of disposal and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment as at 31 March 2018 was HK$4,073,539 (2017: HK$4,594,205). No impairment loss has been recognised as at 31 March 2018 and 2017.

Estimated impairment loss on trade receivables, loan and interest receivables and other receivables

The Group makes impairment loss based on an assessment of the recoverability of trade receivables, loan and interest receivables and other receivables. Allowances are applied to trade receivables, loan and interest receivables and other receivables where events or change in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. In determining whether impairment loss on receivables is required, the Group takes into consideration the current creditworthiness, the past collection history, age status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and its carrying amount. If the financial conditions of customers or debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying amounts of the Group's trade receivables, loan and interest receivables and other receivables were HK$29,280,334 (2017: HK$10,391,604), HK$359,928,604 (2017: HK$231,903,888) and HK$198,195,178 (2017: HK$99,586,992) respectively. No allowance for impairment loss has been recognised for the year ended 31 March 2018 and 2017.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income taxes

As at 31 March 2018, no deferred tax asset has been recognised in respect of tax losses amounting to HK$109,768,437 (2017: HK$103,885,361) due to the unpredictability of future profits streams. The realisability of deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where it is expected to have sufficient taxable profits against which to utilise the benefits of the temporary differences in the foreseeable future, certain amount of deferred tax asset may arise, which would be recognised in profit or loss for the period.

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders and benefit to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowing, amounts due to non-controlling shareholders of subsidiaries and bonds, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group structures its capital with due consideration to risk. The Group manages and adjusts its capital structure in the light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may repurchase shares of the Company, issue new shares, or increase or reduce borrowings.

The Group is not subject to externally imposed capital requirements.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK$	2017 HK$
Financial assets		
Financial asset at FVTPL:		
Loans and receivables (including bank balances and cash)	**575,523,607**	425,032,524
Financial liabilities		
Financial liabilities at amortised cost	**92,333,742**	100,856,512

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loan and interest receivables, other receivables and deposits, bank balances and cash, trade and other payables, amounts due to non-controlling shareholders of subsidiaries and bonds. Details of the financial instruments are disclosed in respective notes.

The Group's investment policy is to prudently invest all funds of the Group in a manner which will satisfy liquidity requirements, safeguard financial assets, and manage risks while optimising return on investments.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

All sales and purchases of the Group are denominated in the functional currency of the respective entities making the sales and purchases. Accordingly, the directors of the Company considered that the Group is not exposed to material transactional foreign currency risk. The Group currently does not have a foreign currency hedging policy. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

The carrying amount of the Group's significant monetary asset (bank balances and cash) that is denominated in currency other than the functional currency of the respective entities holding the asset at the end of the reporting period is as follows:

	Assets	
	2018	2017
	HK$	HK$
HK$	**112,695**	8,794
Renminbi ("RMB")	**10,981**	200

Sensitivity analysis

The Group is mainly exposed to the currency of HK$ and RMB. The exposure of USD against HK$ is considered insignificant as HK$ is pegged to USD, therefore is excluded from the sensitivity analysis.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The following table details the Group's sensitivity of 5% (2017: 5%) increase and decrease in functional currencies of the respective entities against the relevant foreign currencies. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated in monetary items, and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates. A positive/negative number below indicates an increase/decrease in post-tax loss and other equity where functional currencies of the respective entities strengthen/weakening 5% (2017: 5%) against the relevant currency.

	HK$ impact		**RMB impact**	
	2018 HK$	2017 HK$	**2018 HK$**	2017 HK$
Post-tax loss and other equity	**4,705**	330	**412**	8

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the loan and interest receivables (see note 19) and bonds (see note 24). The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to the cash flow interest rate risk in relation to variable-rate bank balances (see note 21 for details). The Group's exposure to interest rate risk is minimal as the bank balances have a short maturity period.

Sensitivity analysis

Management of the Group considers the interest rate risk for variable-rate bank balances are insignificant for the years ended 31 March 2018 and 2017. Hence, no sensitivity analysis is presented.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk arising from money lending business, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The team monitors customers' repayment ability, requests the customers to provide collaterals and reviews the fair value of the collaterals. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. 8% (2017: 30%) of the total loan and interest receivables as at 31 March 2018 was due from the largest borrower from the money lending segment and 32% (2017: 61%) of the total loan and interest receivables as at 31 March 2018 was due from the five largest borrowers from the money lending segment.

With respect of credit risk arising from trade and other receivables, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good history of repayment. In addition, the Group reviews the recoverable amount of each individual receivable balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 90% (2017: 82%) and 100% (2017: 100%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively at 31 March 2018.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	On demand or less than one year	One to five years	Total undiscounted cash flows	Carrying amount
	HK$	HK$	HK$	HK$
As at 31 March 2018				
Non-derivative financial liabilities:				
Trade and other payables	**20,329,091**	**–**	**20,329,091**	**20,329,091**
Amount due to non-controlling shareholder of a subsidiary	**4,375,651**	**–**	**4,375,651**	**4,375,651**
Bonds (note)	**56,183,528**	**–**	**56,183,528**	**67,629,000**
	80,888,270	**–**	**80,888,270**	**92,333,742**
As at 31 March 2017				
Non-derivative financial liabilities:				
Trade and other payables	29,651,861	–	29,651,861	29,651,861
Amount due to non-controlling shareholder of a subsidiary	4,375,651	–	4,375,651	4,375,651
Bonds (note)	59,715,750	–	59,715,750	66,829,000
	93,743,262	–	93,743,262	100,856,512

Note: At 31 March 2018, the aggregate undiscounted principal amount of the bonds amounted to HK$70,000,000 (2017: HK$70,000,000). The repayment obligations of the Company under the instruments of the Bonds is guaranteed by Jun Qiao. Under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company and Jun Qiao undertook to continue to maintain its interests in all the mining assets held by Jun Qiao Group, 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 of the Company considered that the Group does not have an unconditional right to defer settlement of the Bonds for at least 12 months after the reporting period and hence classified the Bonds as current liabilities.

7. REVENUE AND SEGMENT INFORMATION

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

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

(i) Money lending segment engages in the provision of financing services;

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

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

Due to obstructions faced by the Company in exercising control over, and gathering information and documents regarding the De-consolidated Subsidiaries, the Company regards that it has lost control over the De-consolidated Subsidiaries. Given that it was impracticable for the directors of the Company to ascertain the segment information on mining operations, no representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the segment information on mining operations of the Company for the years ended 31 March 2018 and 2017 as of the date of approval of the consolidated financial statements.

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

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

For the year ended 31 March 2018

Continuing operations

	Money lending HK$	Trading HK$	Mining operations HK$	Total HK$
Revenue	**46,749,499**	**720,857,650**	**–**	**767,607,149**
Segment profit/(loss)	**42,220,089**	**(508,202)**	**–**	**41,711,887**
Unallocated corporate income and gain				**24,154**
Unallocated corporate expenses				**(37,270,439)**
Finance costs				**(4,650,000)**
Loss before tax				**(184,398)**

For the year ended 31 March 2017

Continuing operations

	Money lending HK$	Trading HK$	Mining operations HK$	Total HK$
Revenue	25,607,494	273,651,879	–	299,259,373
Segment profit/(loss)	23,743,941	(843,033)	–	22,900,908
Unallocated corporate income and gain				144,440
Fair value loss on derivative component of convertible bonds				(201,806)
Impairment of amounts due from De-consolidated Subsidiaries			(71,145,551)	(71,145,551)
Loss on de-consolidation of subsidiaries			(115,847,836)	(115,847,836)
Unallocated corporate expenses				(19,766,925)
Finance costs				(4,654,889)
Loss before tax				(188,571,659)

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in current year (2017: 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, impairment of amounts due from De-consolidated Subsidiaries and loss on de-consolidation of subsidiaries, certain general and administrative expenses, 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:

	2018 **HK$**	2017 HK$
Segment assets		
Continuing operations		
Money lending	**379,878,650**	235,708,888
Trading	**275,173,080**	145,926,521
Unallocated corporate assets	**82,650,987**	79,302,992
Consolidated assets	**737,702,717**	460,938,401

	2018 **HK$**	2017 HK$
Segment liabilities		
Money lending	**925,453**	2,620,022
Trading	**94,166,102**	40,048,122
Unallocated corporate assets	**86,016,492**	73,947,859
Consolidated liabilities	**181,108,047**	116,616,003

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable and operating segments other than certain property, plant and equipment, interest in an associate, certain other receivables, deposits and prepayments and certain bank balances and cash which are managed on a group basis.

– all liabilities are allocated to reportable and operating segments other than certain other payables and bonds which are managed on a group basis.

In measuring the Group's segment assets and liabilities, tax recoverable of HK$1,414,296 (2017: tax payable of HK$1,809,441) and deferred tax asset of HK$209,642 (2017: HK$138,112) were allocated to money lending segment. However, the relevant income tax expense of HK$1,309,522 (2017: HK$2,661,092) was not included in the measurement of segment results.

Other segment information

For the year ended 31 March 2018

Continuing Operations

	Money lending HK$	Trading HK$	Mining operations HK$	Unallocated HK$	Total HK$
Amounts include in the measure of segment results or segment assets:					
Depreciation of property, plant and equipment	511,478	180,656	–	987,437	1,679,571
Additions to non-current assets (note)	16,950	349,994	–	722,536	1,089,480
Bank interest income	(1)	(36,150)	–	(24,154)	(60,305)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:					
Finance costs	–	–	–	4,650,000	4,650,000
Income tax expenses	1,273,717	35,805	–	–	1,309,522

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2017

Continuing Operations

	Money lending HK$	Trading HK$	Mining operations HK$	Unallocated HK$	Total HK$
Amounts include in the measure of segment results or segment assets:					
Depreciation of property, plant and equipment	509,920	110,962	–	439,772	1,060,654
Additions to non-current assets (note)	–	26,864	–	1,988,796	2,015,660
Bank interest income	–	(10,840)	–	–	(10,840)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:					
Finance costs	–	–	–	4,654,889	4,654,889
Income tax expenses	2,645,590	15,502	–	–	2,661,092
Loss on de-consolidation of subsidiaries	–	–	115,847,836	–	115,847,836
Impairment of amounts due from De-consolidated Subsidiaries	–	–	71,145,551	–	71,145,551

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

Revenue from major product and services

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

	2018 HK$	2017 HK$
Revenue from money lending	**46,749,499**	25,607,494
Revenue from trading of goods	**720,857,650**	273,651,879
	767,607,149	299,259,373

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

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

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

	Hong Kong		PRC (excluding Hong Kong)		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$	HK$	**HK$**	HK$	**HK$**	HK$
For the year ended 31 March						
Segment revenue	**53,203,676**	25,607,494	**714,403,473**	273,651,879	**767,607,149**	299,259,373
At 31 March						
Non-current assets	**4,293,812**	4,033,753	**799,215**	560,452	**5,093,027**	4,594,205

Information about major customers

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

	2018	2017
	HK$	HK$
Customer A[1]	**149,764,995**	127,407,835
Customer B[1]	**N/A[2]**	48,064,812

1 Revenue from trading
2 The corresponding revenue did not contribute over 10% of the total revenue of the Group

8. OTHER INCOME AND GAIN

	2018 HK$	2017 HK$
Continued operations		
Bank interest income	**60,305**	10,840
Sundry income	**–**	144,440
	60,305	155,280

9. FINANCE COSTS

	2018 HK$	2017 HK$
Continuing operations		
Effective interest expense on bonds (note 24)	**4,650,000**	4,650,000
Effective interest expense on convertible bonds (note 25)	**–**	4,889
	4,650,000	4,654,889

10. LOSS BEFORE TAX

	2018 HK$	2017 HK$
Continuing operations		
Auditors' remuneration	**1,300,000**	1,050,000
Cost of inventories recognised as expense	**711,567,937**	271,265,726
Depreciation of property, plant and equipment	**1,679,571**	1,060,654
Exchange loss, net	**585,015**	521,183
Employee benefit expenses	**9,439,801**	7,799,527
Minimum lease payment under operating leases in respect of land and buildings	**4,313,312**	5,042,622

Due to the obstructions faced by the Company in exercising control over, and gathering information and documents regarding, the De-consolidated Subsidiaries, the Company regard that it has lost control over the De-consolidated Subsidiaries since 1 April 2016. Given that it was impracticable for the directors of the Company to ascertain the segment information on mining operations, no representation is therefore made by the directors of the Company as to the completeness, occurrence and accuracy of those expenses for the years ended 31 March 2018 and 2017 as of the date of approval of the consolidated financial statements.

11. EMPLOYEE BENEFIT EXPENSES

	2018 HK$	2017 HK$
Wages, salaries and other benefits (including directors' remunerations (note (b))	**9,006,989**	7,408,525
Retirement benefit costs (including directors' remunerations (note (b)) – defined contribution schemes (note (a))	**432,812**	391,002
	9,439,801	7,799,527

notes:

(a) No forfeited contribution was available at the end of the reporting period to reduce future contributions (2017: nil).

(b) Directors' and chief executive's emoluments

The remunerations paid or payable of each to the 7 (2017: 8) directors, including the chief executive, were as follows:

For the year ended 31 March 2018	Executive directors			Non-executive director	Independent non-executive directors			
	Chow Wang* HK$	Wang Zhaoqing[1] HK$	Chu Ka Wa[1] HK$	Fong For HK$	Leung Ka Kui HK$	Wong Chui San, Susan HK$	Jiang Zhi HK$	Total HK$
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:								
Fee	–	–	–	240,000	240,000	240,000	240,000	960,000
Salaries	1,200,000	660,000	840,000	–	–	–	–	2,700,000
Contributions to retirement benefits schemes	18,000	18,000	18,000	–	–	–	–	54,000
Discretionary bonus (note)	100,000	55,000	70,000	–	–	–	–	225,000
Total emoluments	1,318,000	733,000	928,000	240,000	240,000	240,000	240,000	3,939,000

11. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

notes: (Continued)

(b) Directors' and chief executive's emoluments (Continued)

For the year ended 31 March 2017	Executive directors				Non-executive director	Independent non-executive directors			
	Chow Wang* HK$	Cheung Wai Shing[2] HK$	Wang Zhaoqing[1] HK$	Chu Ka Wa[1] HK$	Fong For HK$	Leung Ka Kui, Johnny HK$	Wong Chui San, Susan HK$	Jiang Zhi HK$	Total HK$
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:									
Fee	–	–	–	–	240,000	240,000	240,000	240,000	960,000
Salaries	1,200,000	1,000,000	510,000	540,000	–	–	–	–	3,250,000
Contributions to retirement benefits schemes	18,000	15,000	18,000	18,000	–	–	–	–	69,000
Discretionary bonus (note)	100,000	100,000	40,000	40,000	–	–	–	–	280,000
Total emoluments	1,318,000	1,115,000	568,000	598,000	240,000	240,000	240,000	240,000	4,559,000

* Mr. Chow Wang became the Chief Executive Officer of the Company on 23 January 2017 and his emoluments disclosed above include those services rendered by him as the Chief Executive Officer.

1 Appointed on 23 January 2017
2 Resigned on 24 January 2017

There were no emoluments paid by the Group to any directors or the chief executive of the Group as compensation for loss of office for the years ended 31 March 2018 and 2017.

No emoluments were paid by the Group to any directors or the chief executive of the Group as an inducement to join or upon joining the Group for the years ended 31 March 2018 and 2017.

No director or the chief executive waived or agreed to waive his emoluments during the two years ended 31 March 2018 and 2017.

Note: Discretionary bonus was determined with reference to the Group's operating results, individual performance and comparable market statistics.

(c) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2017: four) were directors and the chief executive of the Company whose emoluments are disclosed in (b) above. The emoluments of the remaining two (2017: one) individuals were as follows:

	2018 HK$	2017 HK$
Wages, salaries and other benefits	**1,189,863**	511,000
Employers' contribution to retirement schemes	**36,000**	18,000
	1,225,863	529,000

The emoluments were within the following band:

	Number of individuals	
	2018	2017
Nil – HK$1,000,000	**2**	1

12. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

13. INCOME TAX EXPENSES

	2018 HK$	2017 HK$
Continuing operations		
Current tax:		
– Hong Kong Profits Tax	**1,348,550**	2,735,047
– PRC Enterprise Income Tax	**32,502**	–
Deferred tax (note 26)	**(71,530)**	(73,955)
	1,309,522	2,661,092

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 March 2018 and 2017.

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.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$	2017 HK$
Continued operations		
Loss before tax	**(184,398)**	(188,571,659)
Calculated at the rates applicable to loss in the tax jurisdiction concerned	**(5,183)**	(30,732,730)
Tax effect of income not taxable for tax purpose	**(354,695)**	(342,932)
Tax effect of expenses not deductible for tax purpose	**1,559,187**	33,510,494
Tax effect of tax losses not recognised	**110,213**	226,260
Income tax expenses	**1,309,522**	2,661,092

Details of deferred tax are set out in note 26.

14. DISCONTINUED OPERATION

Choudary Limited and its subsidiaries ("Choudary Group")

At 24 January 2017, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in Choudary Group to an independent third party for a cash consideration of HK$1,750,000. Choudary Group were engaged in the operation of providing financial quotation services and wireless application development. The disposal was effected in order to reduce the operating loss derived from this segment and generate cash flows for the expansion of the Group's other business. Following the disposal of Choudary Group, the Group discontinued its operation in providing financial quotation services and wireless application development.

	2017 HK$
Loss for the period	(2,424,517)
Loss on disposal of subsidiaries (note 29)	(5,427,652)
Loss for the year from discontinued operation	(7,852,169)

The results of the financial quotation services segment for the period from 1 April 2016 to 24 January 2017, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period from 1 April 2016 to 24 January 2017 HK$
Revenue	18,453,176
Cost of sales	(11,260,905)
Other income	68,460
Selling and distribution expenses	(1,151,873)
Administrative expenses	(8,533,375)
Loss before tax	(2,424,517)
Income tax expense	–
Loss for the period	(2,424,517)

14. DISCONTINUED OPERATION (CONTINUED)

Choudary Limited and its subsidiaries ("Choudary Group") (Continued)

	Period from 1 April 2016 to 24 January 2017 HK$
Loss for the period from discontinued operation attributable to:	
– owner of the Company	(1,236,504)
– non-controlling interests	(1,188,013)
	(2,424,517)

Loss for the period from discontinued operation included the following:

	Period from 1 April 2016 to 24 January 2017 HK$
Depreciation of property, plant and equipment	169,544
Wages and salaries	7,368,393
Defined contribution scheme	30,152

During the period from 1 April 2016 to 24 January 2017, the Choudary Group recorded net cash outflows from operating activities of HK$2,710,678 and net cash outflows from investing activities of HK$19,648 respectively. The carrying amounts of the assets and liabilities of Choudary Group at the date of disposal are disclosed in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. LOSS PER SHARE

For continuing and discontinued operations

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

	2018 **HK$**	2017 HK$
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(1,465,735)**	(197,882,191)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**4,928,214,351**	3,278,272,384

For continuing operations

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

	2018 **HK$**	2017 HK$
Loss for the year attributable to owners of the Company	**(1,465,735)**	(197,882,191)
Less: Loss for the year from discontinued operation	**–**	6,664,156
Loss for the purpose of basic and diluted loss per share from continuing operations	**(1,465,735)**	(191,218,035)

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

For discontinued operations

For the year ended 31 March 2017, basic and diluted loss per share for the discontinued operation is 0.21 HK cents, based on the loss for the year from the discontinued operation of HK$6,664,156 and the denominators detailed above for both basic and diluted loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles HK$	Mining structure HK$	Plant and machinery HK$	Leasehold improvements HK$	Computer equipment HK$	Furniture and fixtures HK$	Total HK$
COST							
At 1 April 2016	3,333,127	54,536,214	14,275,015	3,161,967	11,926,916	890,837	88,124,076
Addition	1,945,945	–	–	–	42,851	26,864	2,015,660
Disposal of subsidiaries (note 29)	–	–	–	(478,605)	(11,807,356)	(460,799)	(12,746,760)
De-consolidation of subsidiaries (note 33)	–	(54,536,214)	(14,275,015)	–	(13,348)	(74,774)	(68,899,351)
Write-offs	–	–	–	–	(52,458)	–	(52,458)
Exchange realignment	(49,613)	–	–	–	–	(1,501)	(51,114)
At 31 March 2017 and 1 April 2017	5,229,459	–	–	2,683,362	96,605	380,627	8,390,053
Addition	652,515	–	–	–	111,989	324,976	1,089,480
Write-offs	(551,100)	–	–	–	–	–	(551,100)
Exchange realignment	81,162	–	–	–	1,551	21,907	104,620
At 31 March 2018	**5,412,036**	**–**	**–**	**2,683,362**	**210,145**	**727,510**	**9,033,053**
ACCUMULATED DEPRECIATION							
At 1 April 2016	677,610	2,371,409	7,131,285	2,191,259	11,417,611	803,387	24,592,561
Provided for the year	555,105	–	–	485,281	168,130	21,682	1,230,198
Disposal of subsidiaries (note 29)	–	–	–	(478,605)	(11,482,193)	(460,797)	(12,421,595)
De-consolidation of subsidiaries (note 33)	–	(2,371,409)	(7,131,285)	–	(7,140)	(35,939)	(9,545,773)
Elimination of write-offs	–	–	–	–	(52,458)	–	(52,458)
Exchange realignment	(6,534)	–	–	–	–	(551)	(7,085)
At 31 March 2017 and 1 April 2017	1,226,181	–	–	2,197,935	43,950	327,782	3,795,848
Provided for the year	1,099,723	–	–	485,427	34,132	60,289	1,679,571
Elimination of write-offs	(551,100)	–	–	–	–	–	(551,100)
Exchange realignment	31,475	–	–	–	346	3,374	35,195
At 31 March 2018	**1,806,279**	**–**	**–**	**2,683,362**	**78,428**	**391,445**	**4,959,514**
CARRYING VALUES							
At 31 March 2018	**3,605,757**	**–**	**–**	**–**	**131,717**	**336,065**	**4,073,539**
At 31 March 2017	4,003,278	–	–	485,427	52,655	52,845	4,594,205

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives or under the UOP method as follows:

Motor vehicles	6 years
Mining structures	UOP methods or $6^2/_3$ years, whichever is appropriate
Plant and machinery	$6^2/_3$ years
Leasehold improvements	3 years or over the lease term, whichever is shorter
Computer equipment	3 years
Furniture and fixtures	3 years

17. INTEREST IN AN ASSOCIATE

Details of the Group's interest in an associate is as follows:

	2018 HK$	2017 HK$
Cost of investment in an associate	**700,000**	–
Share of post-acquisition loss	**(175,837)**	–
	524,163	–
Amount due from an associate (note)	**34,640**	–
	558,803	–

Note: The amount due from an associate is unsecured and interest-free. In the opinion of the directors of the Company, the Company will not demand repayment within one year from the end of the reporting period and is therefore considered as non-current.

Details of the Group's associate at the end of reporting period is as follows:

Name	**Particulars of registered capital held**	**Place of registration and business**	**Percentage of ownership interest attributed to the Group**	**Principal activity**
Era Blue Esports Limited	HK$2,370,000	HK	29.54%	Provision of esports education services

17. INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs. The associate is accounted for using the equity method in the consolidated financial statements.

	2018 HK$	2017 HK$
Current assets	1,205,105	–
Non-current assets	636,004	–
Current liabilities	(66,444)	–
Non-current liabilities	–	–
Revenue	24,415	–
Expenses	(619,749)	–
Loss for the period	(595,334)	–
Other comprehensive income for the period	–	–
Total comprehensive expense for the period	(595,334)	–

Reconciled to the Group's interests in the associate:

	2018 HK$	2017 HK$
Gross amount of the net asset of the associate	1,774,665	–
Group's effective interest	29.54%	–
Group's share of net assets of the associate	524,163	–
Amount due from an associate	34,640	–
Carrying amount in the consolidated financial statement	558,803	–

18. TRADE RECEIVABLES

	2018 HK$	2017 HK$
Trade receivables	**29,280,334**	10,391,604

Trade receivables in relation to trading are having an average credit period of 90 days (2017: 90 days).

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

	2018 HK$	2017 HK$
0-3 months	**29,280,334**	10,391,604

At the end of 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.

19. LOAN AND INTEREST RECEIVABLES

	2018 HK$	2017 HK$
Loan receivables		
Secured	**39,187,274**	102,000,000
Unsecured	**318,500,000**	128,400,000
	357,687,274	230,400,000
Interest receivables	**2,241,330**	1,503,888
	359,928,604	231,903,888

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

	2018 HK$	2017 HK$
Within one year	**356,667,786**	230,400,000
Two to five years	**1,019,488**	–
	357,687,274	230,400,000
Carrying amount analysed for reporting purpose:		
Current assets	**358,909,116**	231,903,888
Non-current assets	**1,019,488**	–
	359,928,604	231,903,888

19. LOAN AND INTEREST RECEIVABLES (CONTINUED)

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 45 days to 5 years (2017: 90 days to 1 year). The loans provided to customers bore fixed interest rate ranging from 1% – 2.5% per month (2017: 1% – 2.5%), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid in monthly basis while the principal amounts are repayable on maturity.

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

	2018 **HK$**	2017 HK$
Within 90 days	**198,928,604**	29,003,888
91-180 days	**108,000,000**	70,600,000
181-365 days	**53,000,000**	132,300,000
	359,928,604	231,903,888

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 2018 and 2017, 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.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 **HK$**	2017 HK$
Other receivables (note (i))	**41,311,833**	67,509,817
Deposits	**960,515**	903,615
Prepayments (note (ii))	**155,922,830**	31,173,560
	198,195,178	99,586,992

Notes:

(i) Included in the balance was advances suppliers and potential suppliers who are independent third parties in the amount of HK$35,354,445 (2017: HK$62,261,126) that are interest-free, unsecured and repayable on demand.

(ii) Included in the balance was prepayment to suppliers of HK$155,083,656 (2017: HK$30,486,079).

21. BANK BALANCES AND CASH

	2018 HK$	2017 HK$
Cash at banks and in hand	**144,042,321**	44,323,600
Short-term time deposits	**–**	70,000,000
	144,042,321	114,323,600

Cash at banks carries interest at prevailing market rate at 0% to 0.35% for the year ended 31 March 2018 (2017: 0% to 0.35%).

As at 31 March 2017, the effective interest rate on short-term time deposits was 0.4%. These deposits had an average original maturity of 31 days.

The remittance of bank balance and cash denominated in RMB out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

Bank balances and cash were denominated in the following currencies:

	2018 HK$	2017 HK$
RMB	**46,794,727**	37,002,451
HKD	**95,803,601**	77,320,949
Others	**1,443,993**	200
	144,042,321	114,323,600

22. TRADE AND OTHER PAYABLES

	2018 HK$	2017 HK$
Trade payables (notes (a) and (b))	**899,821**	–
Receipt in advance	**88,771,002**	13,950,050
Other payables and accrued charges (note (c))	**19,429,270**	29,651,861
	109,100,093	43,601,911

Notes:

(a) The ageing of trade payables were within 3 months based on the invoice date at the end of the reporting period.

(b) An average credit period of 45 to 180 days is granted by the service providers. The average credit period on purchases of goods in trading segment is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

(c) Balance included advances from certain independent third parties of HK$5,356,092 (2017: HK$26,045,426) that are interest-free, unsecured and repayable on demand.

23. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

24. BONDS

As at 31 March 2018, the Group has unsecured bonds with aggregate principal of HK$70,000,000 (2017: HK$70,000,000) with the following major terms:

Issue price:	100% of the principal amount
Interest:	5.5% per annum payable semi-annually in arrear
Maturity:	7 years from date of issuance unless early redeemed
Early redemption options:	– 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 – 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.

The movements of the bonds are set out below:

	2018 **HK$**	2017 HK$
Carrying amount at the beginning of the year	**66,829,000**	66,029,000
Effective interest charge for the year (note 9)	**4,650,000**	4,650,000
Interest paid	**(3,850,000)**	(3,850,000)
Carrying amount at the end of the year	**67,629,000**	66,829,000
Less: Bonds repayable after one year shown under non-current liabilities	**–**	–
Current portion	**67,629,000**	66,829,000

The Company's bonds carry interest at effective interest rate of 7.22% (2017: 7.22%) per annum.

Note: The repayment obligations of the Company under the instruments of the Bonds is guaranteed by Jun Qiao. Under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company and Jun Qiao undertook to continue to maintain its interests in the Mining Assets and not to dispose of, transfer or sell any of the Mining Assets until the maturity of the Bonds, unless the consent of the majority of the bondholders is obtained. Due to the purported transfer of 90% equity of Yin Di Mining to Henan Guiyuan and related incidents as disclosed in the Company's announcements dated 15 January 2017, 22 January 2017 and 1 February 2017, the Company de-consolidated the De-consolidated Subsidiaries. As a matter of prudent treatment, the Bonds were classified as current liabilities. The Company is seeking opinion from its PRC legal advisers and intends to make all lawful efforts to protect and uphold its rights and interests.

25. CONVERTIBLE BONDS

On 4 March 2016, the Company issued convertible bonds (the "CBs") with aggregate principal amount of HK$30,000,000 to several independent third parties with maturity date on 3 March 2018 (the "Maturity Date"). The CBs bear interest of 4% per annum payable annually, are unsecured and denominated in HK$.

The principal terms of the CBs are as follows:

Conversion:	The holders of the CBs are entitled to convert the CBs into ordinary shares of the Company at a conversion price of HK$0.12 per ordinary share.
	The conversion rights are exercisable at any time during the period commencing from the date of issue of the CBs up to the Maturity Date.
Redemption:	The Company may, by notice, redeem whole or part of the outstanding CBs at the rate of 105% of the principal amount of such CBs with interest accrued before the Maturity Date.
	The holders of the CBs are not entitled to request for early redemption except for event of default occurred.

Unless previously converted or redeemed, the outstanding CBs will be redeemed by the Company at the Maturity Date.

At the date of the issue, the CBs were bifurcated into liability, equity and derivative components.

The conversion feature of the CBs as equity components of the Company is presented in equity under "convertible bonds equity reserve" at initial recognition.

The Company's early redemption option was separately presented in the consolidated statement of financial position as "derivative component of convertible bonds" at 31 March 2016 and was measured at fair value with changes in fair value recognised in profit or loss.

The effective interest rate of the liability component is 11.21%.

25. CONVERTIBLE BONDS (CONTINUED)

During the year ended 31 March 2017, CBs with principal amount of HK$6,000,000 were converted into 50,000,000 ordinary shares of the Company. No redemption of the CBs has been made during the years ended 31 March 2017. At 31 March 2017, all the CBs have been converted into ordinary shares.

The movement of the liability, equity and derivative components of the CBs and the reconciliation of Level 3 fair value measurement during the reporting period are set out below:

	Liability component of the CBs	Derivative financial asset of the CBs	Equity component of the CBs	Total
	HK$	HK$	HK$	HK$
At 1 April 2016	5,306,546	(3,779,263)	3,926,666	5,453,949
Conversion to shares during the year	(5,309,462)	3,577,457	(3,926,666)	(5,658,671)
Change in fair value	–	201,806	–	201,806
Effective interest charge for the year (note 9)	4,889	–	–	4,889
Interest paid	(1,973)	–	–	(1,973)
At 31 March 2017, 1 April 2017 and 31 March 2018	**–**	**–**	**–**	**–**

At the date of conversions during the year ended 31 March 2017, the fair values of the derivative component of the CBs were valued by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuer not connected to the Group, using the Binomial option pricing model. The inputs into the model were as follows:

	At the date of conversions in 2017
Share price	HK$0.15
Conversion price	HK$0.12
Expected volatility	109%
Expected life	1.91 years
Risk-free rate	0.51%
Expected dividend yield	Nil

26. DEFERRED TAX ASSETS

	2018 HK$	2017 HK$
Deferred tax asset	**209,642**	138,112

The following are the major deferred tax asset recognised and movements thereon during the current and prior years:

	Depreciation in excess of the related depreciation allowances HK$	Fair value adjustments HK$	Total HK$
At 1 April 2016	64,157	(73,374,425)	(73,310,268)
Credited to profit or loss (note 13)	73,955	–	73,955
De-consolidation of subsidiaries	–	73,438,582	73,438,582
Exchange realignment	–	(64,157)	(64,157)
At 31 March 2017 and 1 April 2017	138,112	–	138,112
Credited to profit or loss (note 13)	71,530	–	71,530
At 31 March 2018	**209,642**	**–**	**209,642**

At the end of the reporting period, the Group has unused tax losses of HK$109,768,437 (2017: HK$103,885,361) available for offset against future profits. No deferred tax asset (2017: nil) has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$209,514 (2017: HK$209,514) that will expire in 2020. Other losses may be carried forward indefinitely.

27. SHARE CAPITAL

	2018		2017	
	No. of shares	**Amount HK$**	No. of shares	Total HK$
Authorised:				
Ordinary shares of HK$0.01 each (note (v))	**20,000,000,000**	**200,000,000**	20,000,000,000	200,000,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**4,540,126,800**	**45,401,268**	2,430,553,200	24,305,532
Issue of shares on placing (note (i))	**–**	**–**	724,242,000	7,242,420
Issue of shares upon conversion of convertible bonds (note (ii))	**–**	**–**	50,000,000	500,000
Issue of shares upon right issue (note (iii))	**–**	**–**	1,335,331,600	13,353,316
Issue of shares upon shares subscription (note (iv))	**908,025,360**	**9,080,254**	–	–
At 31 March	**5,448,152,160**	**54,481,522**	4,540,126,800	45,401,268

Notes:

(i) On 1 February 2017, 534,132,000 shares of HK$0.01 each were placed at a price of HK$0.11 per share, raising total proceeds of HK$57,285,642, net of direct expenses.

On 15 June 2016, 190,110,000 shares of HK$0.01 each were placed at a price of HK$0.09 per share, raising total proceeds of HK$16,596,783, net of direct expenses.

(ii) On 5 April 2016, conversion options of convertible bonds in the principal amount of HK$6,000,000 were converted into 50,000,000 ordinary shares of the Company at the conversion price of HK$0.12 per share, of which HK$500,000 was credited to share capital and HK$1,232,005 was transferred from carrying amount of the CBs to the share premium.

(iii) On 5 January 2017, pursuant to the rights issue on the basis of one rights share of HK$0.11 each for every two shares held on the record date, 1,335,331,600 new shares were issued at HK$0.11 per share, raising a total proceeds of HK$143,097,207, net of direct expenses.

(iv) On 27 October 2017, 908,025,360 shares were allotted and issued to Yunnan Baiyao Holdings at the subscription price of HK$0.22 per share, raising total proceeds of HK$199,765,579 net of direct expenses.

(v) During the year ended 31 March 2017, the Company increase the authorised share capital from HK$60,000,000.00 divided into 6,000,000,000 Shares to HK$200,000,000.00 divided into 20,000,000,000 Shares by the creation of additional 14,000,000,000 Shares, which will rank pari passu in all respects with each other.

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

28. SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") approved by the shareholders at an annual general meeting of the Company held on 30 September 2013 (the "Adoption Date"). Under the Share Option Scheme, the directors of the Company may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares ("Shares") in the Company subject to the terms and conditions stipulated therein.

Details of the Share Option Scheme are as follows:

(i) Purpose

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions and potential contributions which the participants have made or may make to the Group and to motivating the participants to utilise their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining an on-going relationship with the participants whose contributions are or will be beneficial to the long term growth of the Group.

(ii) Participants

The directors of the Company may, at their discretion, invite any participant ("Participant") including any executive director, non-executive director or employee (whether full time or part time), consultant, contractor to the Group or any entity in which any member of the Group holds any interest ("Invested Entity").

(iii) Maximum number of shares

(1) 30% Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(2) 10% Limit

In addition to the Scheme Limit, and subject to the following, the total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Scheme (excluding any options which have lapsed) (the "Scheme Mandate Limit").

The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of its shareholders in general meeting. The Company may also seek separate approval by its shareholders in general meeting for granting options beyond the renewed Scheme Mandate Limit provided the options in excess of such limit are granted only to Participants specifically identified.

28. SHARE OPTION SCHEME (CONTINUED)

(iv) Maximum Entitlement of Each Participant

Unless approved by shareholders of the Company, the total number of securities issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% (0.1% for any director, chief executive or substantial shareholder) of the Shares in issue. Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% (0.1% for any director, chief executive or substantial shareholder) of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

(v) Price of Shares

The exercise price must be at least the higher of: (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

(vi) Amount payable upon acceptance of the option

HK$1.00 is payable by each participant to the Company on acceptance of an offer of an option, which shall be paid within 21 days from the date of offer.

(vii) Time of Exercise of Option

An option shall be exercisable at any time during a period to be notified by the directors of the Company to each grantee, provided that no option shall be exercisable later than ten years after its date of grant. Unless otherwise determined by the directors of the Company at their sole discretion, there is no performance target which must be achieved before an option can be exercised.

(viii) The remaining life of the Share Option Scheme

The life of the Share Option Scheme is 10 years commencing on the Adoption Date.

No share option has been granted, exercised or lapsed under the Share Option Scheme during year ended 31 March 2018 (2017: nil).

There is no outstanding option as at 31 March 2018 (2017: nil).

29. DISPOSAL OF SUBSIDIARIES

Disposal of Choudary Limited and its subsidiaries ("Choudary Group")

As detailed in note 14, the Group discontinued its operations of providing financial quotation services and wireless applications development upon the disposal of 51% equity interest in Choudary Group.

	2017 HK$
Cash consideration	1,750,000

The net assets of the Choudary Group at the date of disposal were as follows:

	2017 HK$
Property, plant and equipment	325,165
Trade receivables	1,440,460
Other receivables, deposits and prepayment	2,210,848
Bank balance and cash	14,225,889
Trade and other payables	(2,263,066)
Advance subscriptions and license fees received	(1,837,740)
Net assets disposed of	14,101,556

	2017 HK$
Loss on disposal of a subsidiary:	
Cash consideration received	1,750,000
Net assets disposed of	(14,101,556)
Cumulative exchange differences in respect of the net assets of subsidiaries reclassified from equity to profit or loss on disposal of the subsidiaries	9,723
Non-controlling interests	6,914,181
Loss on disposal (note 14)	(5,427,652)

	2017 HK$
Net cash outflow arising on disposal:	
Cash consideration	1,750,000
Less: bank balances and cash disposed of	(14,225,889)
	(12,475,889)

30. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2018 **HK$**	2017 HK$
Within one year	**2,463,657**	3,292,784
In the second to fifth years inclusive	**–**	2,257,496
	2,463,657	5,550,280

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

31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following material transactions with related parties:

	2018 **HK$**	2017 HK$
Short-term employee benefits	**3,939,000**	4,490,000
Post-employment benefits	**–**	69,000
	3,939,000	4,559,000

The remunerations of directors and key executives are determined by the remuneration committee of the Company having regards to the performance of individuals and market trends.

32. RETIREMENT BENEFITS PLANS

Hong Kong

The Group participates in the MPF Scheme. Where staff are eligible to the MPF Scheme, both the Group and staff are required to contribute 5% of the employees' relevant income, capped at HK$1,500 per month from each party. Contributions from the employer are 100% vested in the employees as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to certain exceptions. Staff may elect to contribute more than the minimum as a voluntary contribution.

The total contribution to the MPF scheme charged to profit or loss was HK$164,989 (2017: HK$205,370).

PRC

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. All employees of the Group in the PRC are entitled to an annual pension equal to a fixed portion of their individual final basic salaries at their retirement date. The Group is required to contribute a specified percentage of the payroll of its employees to the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

The total contribution to defined contribution retirement scheme organised by the government in the PRC charged to profit or loss was HK$82,960 (2017: HK$215,784).

33. DE-CONSOLIDATION OF SUBSIDIARIES

As disclosed in note 3 of the consolidated financial statements, due to the obstructions faced by the Company in exercising control over, and gathering information and documents regarding, the De-consolidated Subsidiaries, the Company regard that it has lost control over the De-consolidated Subsidiaries. Under these circumstance, the directors have not been able to obtain complete documentary information to satisfy themselves regarding the accounting treatments in respect of those transactions for the year ended 31 March 2017. As such, the results, assets and liabilities of the De-consolidated Subsidiaries have not been included into the consolidated financial statements of the Group since 1 April 2016. The resulting loss on de-consolidation of HK$115,847,836, which is determined based on the net asset value of HK$214,316,069, non-controlling interests of HK$99,376,259 and translation reserve of HK$908,026 of the De-consolidated Subsidiaries as at 1 April 2016 of have been recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017.

33. DE-CONSOLIDATION OF SUBSIDIARIES (CONTINUED)

	Total HK$
(a) Details of the net assets of the De-consolidated Subsidiaries as at 1 April 2016 are set out below:	
Property, plant and equipment	59,353,578
Prepaid lease payment	1,251,386
Intangible assets	305,080,785
Prepayments for exploration and evaluation activities	8,526,297
Other receivables, deposits and prepayments	1,049,914
Bank balances and cash	721,395
Trade and other payables	(9,441,700)
Tax payables	(2,139,480)
Provision for reinstatement costs	(757,323)
Deferred tax liabilities	(73,438,582)
Amounts due to the Group	(75,890,201)
Net assets disposed of	214,316,069
Loss on de-consolidation:	
Net assets disposed of	(214,316,069)
Non-controlling interests	99,376,259
Release of translation reserve upon de-consolidation	(908,026)
Loss on de-consolidation	(115,847,836)
(b) Net cash inflow arising from de-consolidation:	
Subsequent settlement of amount due from De-consolidated Subsidiaries	4,744,650
Bank balances and cash de-consolidated	(721,395)
	4,023,255
(c) Impairment of amounts due from De-consolidation Subsidiaries:	
Amounts due from De-consolidated Subsidiaries as at 1 April 2016	75,890,201
Less: Subsequent settlement of amounts due from De-consolidated Subsidiaries	(4,744,650)
Impairment of amounts due from De-consolidated Subsidiaries	71,145,551

During the year ended 31 March 2017, impairment loss of HK$71,145,551 has been recognised since the amount due from De-consolidated Subsidiaries are considered to be highly unrecoverable with reference to the estimation of future cash flows expected to be generated from De-consolidated Subsidiaries.

34. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(a) Statement of Financial Position

As at 31 March 2018

	2018 HK$	2017 HK$
Non-current assets		
Property, plant and equipment	2,139,073	1,933,116
Interest in an associate	34,640	–
Interests in subsidiaries	160,010,760	100,377,234
	162,184,473	102,310,350
Current assets		
Other receivables, deposits and prepayments	1,607,787	1,394,634
Amounts due from subsidiaries	365,771,460	216,737,201
Bank balances and cash	73,024,171	74,299,904
	440,403,418	292,431,739
Current liabilities		
Amounts due to subsidiaries	2,060,142	–
Other payable	13,232,376	2,039,303
Bond	67,629,000	66,829,000
	82,921,518	68,868,303
Net current assets	357,481,900	223,563,436
Total assets less current liability	519,666,373	325,873,786
Net assets	519,666,373	325,873,786

34. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

(a) Statement of Financial Position (Continued)

As at 31 March 2018

	2018 HK$	2017 HK$
Capital and reserves		
Share capital (note 27)	**54,481,522**	45,401,268
Reserve (note 34(b))	**465,184,851**	280,472,518
	519,666,373	325,873,786

The financial statements were approved and authorised for issue by the board of directors on 29 June 2018 and are signed on its behalf by:

Chow Wang
Director

Chu Ka Wa
Director

34. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

(b) Reserve

	Share premium HK$	Capital redemption reserve HK$	Convertible bonds equity reserve HK$	Accumulated losses HK$	Total reserves HK$
At 1 April 2016	431,177,590	176,000	3,926,666	(244,678,529)	190,601,727
Loss and total comprehensive expenses for the year	–	–	–	(107,745,110)	(107,745,110)
Issue of shares on placing (note 27)	68,622,000	–	–	–	68,622,000
Transaction costs attributable to placing of shares	(1,981,995)	–	–	–	(1,981,995)
Issue of shares upon conversion of convertible bonds (note 27)	1,232,005	–	(3,926,666)	3,926,666	1,232,005
Issue of shares upon right issue	129,743,891	–	–	–	129,743,891
At 31 March 2017 and 1 April 2017	**628,793,491**	**176,000**	**–**	**(348,496,973)**	**280,472,518**
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**(5,972,993)**	**(5,972,993)**
Issue of shares upon share subscription (note 27)	**190,685,326**	**–**	**–**	**–**	**190,685,326**
At 31 March 2018	**819,478,817**	**176,000**	**–**	**(354,469,966)**	**465,184,851**

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amount of loans advanced from independent third parties HK$	Amount due to a non-controlling shareholder HK$	Bond HK$	Total HK$
As at 1 April 2017	26,045,426	4,375,651	66,829,000	97,250,077
Financing cash flow	(22,266,826)	–	(3,850,000)	(26,116,826)
Foreign exchange adjustment	1,577,492	–	–	1,577,492
Other non-cash movement	–	–	4,650,000	4,650,000
As at 31 March 2018	**5,356,092**	**4,375,651**	**67,629,000**	**77,360,743**

36. PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Proportion ownership interests held by the Company Directly	Indirectly	Principal activities
Ban Loong Finance Company Limited*	Hong Kong	HK$100	100.00% (2017: 100.00%)	–	Money lending
Wan Long Xing Ye Commercial Trading (Shenzhen) Limited**# (萬隆興業商貿(深圳)有限公司)	PRC	HK$160,000,000	100.00% (2017: 100.00%)	–	Trading of goods and commodities
Jun Qiao Limited ("Jun Qiao")	BVI	US$50,000	60.00% (2017: 60.00%)	–	Investment holding
Wan Long Xing Ye Commercial Trading (Hong Kong) Limited*	Hong Kong	HK$100	100.00% (2017: –)	–	Trading of goods and commodities

Notes:

* This entity is domestic enterprise

** These entities are foreign-investment enterprises

\# The English name is for identification purpose only

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests that are material to the Group:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership held by non-controlling interests	Proportion of voting rights held by non-controlling interests	Loss attributable to non-controlling interests HK$	Accumulated non-controlling interests HK$
2018					
Jun Qiao and its subsidiaries	BVI/PRC	40%	40%	25,100	(462,965)
2017					
Jun Qiao and its subsidiaries	BVI/PRC	40%	40%	14,716	(406,254)

36. PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Summarised financial information in respect of each of the Group's subsidiaries that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jun Qiao and its subsidiaries

	2018 HK$	2017 HK$
Current assets	**35,569**	32,120
Non-current assets	**–**	–
Current liabilities	**(11,824,241)**	(11,679,012)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**(11,325,707)**	(11,240,638)
Non-controlling interest	**(462,965)**	(406,254)
Revenue	**–**	–
Expenses	**(62,750)**	(187,030,176)
Loss for the year	**(62,750)**	(187,030,176)
Loss attributable to owners of the Company	**(37,650)**	(187,015,460)
Loss attributable to non-controlling interest	**(25,100)**	(14,716)
Loss for the year	**(62,750)**	(187,030,176)
Other comprehensive (expense)/income attributable to owners of the Company	**(47,421)**	1,166,468
Other comprehensive (expense)/income attributable to non-controlling interest	**(31,611)**	172,293
Other comprehensive (expense)/income for the year	**(79,032)**	1,338,761
Total comprehensive expenses attributable to owners of the Company	**(85,071)**	(185,848,992)
Total comprehensive (expense)/income attributable to non-controlling interest	**(56,711)**	157,577
Total comprehensive expense for the year	**(141,782)**	(185,691,415)
Net cash outflows from operating activities	**(62,750)**	(36,789)
Net cash outflows from investing activities	**–**	(721,395)
Net cash outflows from financing activities	**–**	–
Net cash outflows	**(62,750)**	(758,184)

37. LITIGATION

(a) On 13 January 2017, the Company was informed by the management of its indirect subsidiary, 桐柏縣銀地礦業有限責任公司 (Tong Bai County Yin Di Mining Company Limited) ("Yin Di Mining"), that it has received a copy of a civil ruling numbered (2017) Yu 1330 Min Chu No. 92 and dated 9 January 2017 (the "First Civil Ruling") issued by Tong Bai County People's Court ("Tong Bai Court") upon the asset-preserving application by Mr. Wang Huaqing (王華清) and Mr. Huang Suiyin (黃隨雲) on 9 January 2017 in respect of an alleged contractual dispute involving Yin Di Mining. Pursuant to the First Civil Ruling, it was ordered (inter alia) by Tong Bai Court that:

(i) The entire equity holding of Yin Di Mining be frozen and all transfer procedures involving the entire equity holding of Yin Di Mining be suspended with effect from 9 January 2017 to 8 January 2018;

(ii) The mining license numbered C4100002014053220134362 (the "Mining License") owned by Yin Di Mining be frozen and all transfer procedures involving the said Mining License be suspended with effect from 9 January 2017 to 8 January 2018; and

(iii) Yin Di Mining shall not sell, pledge, charge or create encumbrance of any nature over the said frozen assets.

The Company has instructed its PRC legal advisers to search the Court papers relating to the First Civil Ruling. Based on the documents revealed by the Company, the monetary amount of the purported disputes leading to the First Civil Ruling appeared to be small, being in the magnitude of approximately RMB500,000. Due to the small disputed sum, the Company has instructed its PRC legal advisers to focus on the Second Civil Judgment but to closely monitor any developments of the First Civil Ruling. Given that the Company has already fully de-consolidated the De-consolidated Subsidiaries in its financial statements for the year ended 31 March 2017, the Company does not expect the First Civil Ruling to have any further impact on the operations and financial position of the Group. The Company will continue to uphold and protect its legitimate interest through legal actions in China.

(b) On 13 January 2017, the Company was given to understand that another civil judgment numbered (2016) Yu 01 Min Chu No. 709 and dated 10 October 2016 (the "Second Civil Judgment") was issued by Henan Province Zhengzhou City Intermediate People's Court ("Zhengzhou Court") in respect of the civil action filed by 河南省桂圓實業有限公司 (Henan Guiyuan Industry Co., Ltd.) ("Henan Guiyuan") with Zhengzhou Court on 6 May 2016 relating to an alleged equity transfer dispute involving the equity of Yin Di Mining owned by Jinfuyuan Mining. As revealed in the Second Civil Judgment, it appeared that Henan Guiyuan might have made allegations to Zhengzhou Court during the course of the litigation that (inter alia):

37. LITIGATION (CONTINUED)

(b) (Continued)

"On 28 February 2011, an equity transfer agreement (the "Equity Transfer Agreement") was signed between Henan Guiyuan (as transferor) and Jinfuyuan Mining (as transferee) for the transfer of 95% equity of Yin Di Mining for the consideration of RMB28,000,000 payable in cash, and Henan Guiyuan completed the transfer of the 95% equity of Yin Di Mining to Jinfuyuan Mining in April 2011 in performance of the terms of the agreement. However, Jinfuyuan Mining only paid RMB3,000,000 by way of deposit to Henan Guiyuan between March and November 2011. On 30 May 2011, Henan Guiyuan and Jinfuyuan Mining signed a supplemental agreement such that if Jinfuyuan Mining failed to pay the balance of RMB25,000,000 within 60 days, then it shall (i) re-transfer the equity holding in Yin Di Mining to Henan Guiyuan unconditionally; (ii) allow the RMB3,000,000 deposit be forfeited; and (iii) accept liability on breach of contract. Under Clause 8.1 of the Equity Transfer Agreement, the quantum of damages for breach of contract is RMB5,000,000, Despite numerous repayment reminders, the remaining balance of the promised consideration was never paid save and except three small payments totaling RMB50,000 made between January 2013 and November 2014. On 18 December 2015, Jinfuyuan Mining signed a declaration and gave it to Henan Guiyuan, confirming that it owed the outstanding consideration to Henan Guiyuan, voluntarily accepted all civil liabilities and consequence and agreed to re-transfer its equity holding in Yin Di Mining to Henan Guiyuan."

Based on the allegations of Henan Guiyuan (which the Company, Yin Di Mining and Jinfuyuan Mining intend to deny categorically), Henan Guiyuan requested Zhengzhou Court to order (inter alia) that: (a) the Equity Transfer Agreement be terminated and that all the equity holding in Yin Di Mining held by Jinfuyuan Mining be re-transferred to Henan Guiyuan; (b) loss and damages for breach of contract in the amount of RMB5,000,000 be awarded; and (c) costs to be borne by Jinfuyuan Mining.

As revealed in the Second Civil Judgment, it appears to the Company that certain individuals might have falsely held themselves out to have authority from Jinfuyuan Mining and produced fraudulent documents to the Zhengzhou Court during the course of the litigation in an attempt to reverse the Equity Transfer Agreement and to cause the equity holding in Yin Di Mining to be transferred to Henan Guiyuan without the knowledge of the Company, Yin Di Mining and Jinfuyuan Mining.

Pursuant to the Second Civil Judgment, it was ordered (inter alia) by Zhengzhou Court that:

(i) The Equity Transfer Agreement be terminated;

(ii) All equity holding of Yin Di Ming held by Jinfuyuan Mining be re-transferred to Henan Guiyuan;

(iii) Damages of RMB500,000 be awarded to Henan Guiyuan; and

(iv) Costs of RMB211,800 be borne by Jinfuyuan Mining.

37. LITIGATION (CONTINUED)

(b) (Continued)

Upon searches of public records conducted by the Group's legal advisers, the Company was given to understand that a ruling enforcement order numbered (2016) Yu 01 Zhi No. 1301-1 and dated 23 November 2016 (the "Enforcement Order") was issued by the Zhengzhou Court ordering Jinfuyuan Mining to transfer the entire equity holding in Yin Di Ming to Henan Guiyuan.

The Company has in January 2017 filed criminal complaints with the Public Security Bureau in China (the "PSB") to investigate into any unlawful activities of the any persons and entities who might have given fraudulent evidence and documents to the Court during the course of the litigation. The criminal case was accepted by the PSB on 26 January 2017. The Company has instructed its PRC legal advisers to provide all assistance to the PSB during the course of the criminal investigations.

The Company has in March 2017 commenced legal actions in the PRC to apply for a re-trial of the litigations leading to the Second Civil Judgment and the Enforcement Order (the "Re-trial Application") with the view to preserving the Group's position and seeking to recover the control over its 90% equity interest in Yin Di Mining (and hence the Mining License). On 28 September 2017, the Re-trial Application was accepted by the Henan High People's Court, P.R. China ("Henan High Court"). Subsequent to the end of the reporting period, the Henan High Court rendered a ruling dated 14 May 2018 that the Re-trial Application be rejected. As the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries were already de-consolidated and derecognized from the consolidated financial statements of the Group for the year ended 31 March 2017 with effect from 1 April 2016, the rejection of the Re-trial Application is not expected to cause any further impact on the Group's financial results and position.

38. EVENTS AFTER THE REPORTING PERIOD

On 28 September 2017, the Re-trial Application made by the Company was accepted by the Henan High Court in relation to the Second Civil Judgment and Enforcement Order. However, as disclosed in the Company's announcement dated 31 May 2018, the Henan High Court rendered a ruling dated 14 May 2018 that the Re-trial Application of the Group be rejected.

As the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries were already de-consolidated and derecognized from the consolidated financial statements of the Group for the year ended 31 March 2017 with effect from 1 April 2016, the rejection of the Re-trial Application is not expected to cause any further impact on the Group's financial results and position.

FIVE-YEAR FINANCIAL SUMMARY

	2014 HK$'000	2015 HK$'000	2016 HK$'000 (restated)	2017 HK$'000	**2018** **HK$'000**
Revenue	59,965	56,404	(116,374)	299,259	**767,607**
Loss before tax	(26,201)	(117,981)	(41,427)	(196,424)	**(184)**
Taxation charge	(54)	–	(940)	(2,661)	**(1,310)**
Loss after tax	(26,255)	(117,981)	(42,367)	(199,085)	**(1,494)**
Loss attributable to shareholders	(23,454)	(82,292)	(33,538)	(197,882)	**(1,466)**
Loss attributable to shareholders per share	(1.62) HK cents	(4.63) HK cents	(1.45) HK cents	(6.04) HK cents	**(0.03) HK cents**
ASSETS AND LIABILITIES					
Total assets	596,049	605,318	603,904	460,938	**737,703**
Current liabilities	(29,818)	(38,910)	(24,425)	(116,616)	**(181,108)**
Total assets less current liabilities	566,231	566,408	579,479	344,322	**556,595**
Shareholders' fund	339,997	296,788	326,166	344,729	**556,132**
Provision for reinstatement costs, deferred tax liabilities, bonds and convertible bonds	105,257	143,195	145,531	66,829	**67,629**
Funds employed	445,254	439,983	471,697	411,558	**623,761**
Return on average shareholders' fund (%)	(7.4)	(25.8)	(10.8)	(574)	**(2.6)**
Dividends per share	–	–	–	–	**–**