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 2018-2019

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

AUDITOR

HLB Hodgson Impey Cheng Limited

REGISTRAR

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 Group for the year ended 31 March 2019 were highlighted as follows:

- Revenue during the year ended 31 March 2019 was HK$910.1 million, representing an increase of approximately 18.6% from HK$767.6 million in the year ended 31 March 2018 ("2017/2018"). The increase was mainly attributable to (i) increase in income from money lending segment; and (ii) the growing in size of the operation of trading segment.

- Gross profit amounted to HK$87.0 million during the year ended 31 March 2019, representing an increase of 55.3% from HK$56.0 million in 2017/2018. Gross profit margin was 9.6% in the current year, while the gross profit margin was 7.3% in 2017/2018. 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 2019. The overall margin was, however, diluted by the trading segment where the gross profit margin was thinner.

- Profit of the Group for the year ended 31 March 2019 increased to HK$44.3 million, as compared to loss of HK$1.5 million in 2017/18. The turnaround from loss to profit was principally due to the continuous strengthening of the equity base of the Company in support of the ongoing growth and business development of the Company, resulting in a significant increase in revenue during the year ended 31 March 2019.

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 did not propose a final dividend for the year ended 31 March 2019 (2017/2018: nil).

BUSINESS REVIEW

During the year ended 31 March 2019, the Group's operations are divided into three identifiable business segments, namely, the money lending segment, the trading segment and the mining 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 refers to the exploration and exploitation of mineral resources in China conducted by the Jun Qiao Group, which was de-consolidated during the year ended 31 March 2017.

BUSINESS REVIEW (CONTINUED)

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 some borrowers to provide security and/or guarantee to fortify their loans. 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 2019, the business performance of the money lending segment was summarised below:

– Aggregate amount of lending	HK$231.2 million (2018: HK$301.6 million)
– Total number of lending	29 (2018: 36)
– Range of effective annual percentage rate ("APR")	12.0%-28.8% (2018: 12.0%-30.0%)
– Weighted average APR	18.4% (2018: 17.3%)

During the year ended 31 March 2019, revenue generated from the segment, contributed essentially by interest received and accrued, increased from approximately HK$46.7 million in 2017/2018 to approximately HK$74.1 million.

Trading segment

Wan Long Xing Ye carried out trading of goods and commodities business in China. During the year ended 31 March 2019, Wan Long Xing Ye was principally engaged in the trading of refined edible oil and sugar. During the year ended 31 March 2019, the Group's trading business in China generated revenue of approximately HK$773.9 million (2017/2018: HK$714.4 million), with trading of 103,130 tonnages (2017/2018: 121,043 tonnages) of refined edible oil and 28,209 tonnages (2017/2018: nil) of sugar being completed.

Wan Long Xing Ye HK carried out trading of goods and commodities business in Hong Kong. During the year ended 31 March 2019, Wan Long Xing Ye HK was principally engaged in the trading of cosmetic products and personal care products. During the year ended 31 March 2019, the Group's trading business in Hong Kong generated revenue of approximately HK$62.1 million (2017/2018: HK$6.5 million), with trading of 379,877 units (2017/2018: 36,674) of cosmetic products and 112,926 units (2017/2018: nil) of personal care products being completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)

Mining segment

As disclosed in the announcements of the Company dated 15 January 2017, 22 January 2017, 1 February 2017, 31 May 2018 and 27 July 2018 (the "Incident Announcements"), the Company was informed of the incidents (the "Incidents") regarding the Group's mining assets (the "Mining Assets") including the First Civil Ruling, the Second Civil Judgement, the Enforcement Order and the Purported Transfer of 90% equity of Tong Bai County Yin Di Mining Company Limited ("Yin Di Mining") held by Zhengzhou Jinfuyuan Mining Company Limited ("Jinfuyuan Mining") to Henan Guiyuan Industry Co., Ltd. ("Henan Guiyuan"). As a result of such Incidents, the Group considered that it lost effective control over the Mining Assets, including without limitation all property, plant and equipment of Yin Di Mining and the intangible assets on the Mining License owned by Yin Di Mining over Yin Di Mining Area with an area of approximately 1.81 square kilometres situated at Tongbai County, Henan Province, the PRC. Unless the context otherwise requires, capitalised terms used in this section shall have the same meanings as defined in the Incident Announcements.

At the instruction of the Company, Jinfuyuan Mining commenced legal actions against Henan Guiyuan shortly after the revelation of the Mining Incidents in an attempt to recover the Mining Assets and to pursue after the suspected wrong-doers (the "Recovery Actions"). However, as disclosed in the Company's announcements dated 31 May 2018 and 27 July 2018, the application made by Jinfuyuan Mining for a re-trial of the Second Civil Judgment was rejected by Henan High People's Court. While the Company has instructed Jinfuyuan Mining to continue to pursue the Recovery Actions through further appeal in the Courts in the PRC, the prospect of the Recovery Actions has become more uncertain than ever.

As disclosed in the Company's announcement dated 31 January 2019, the Company entered into a sale and purchase agreement with an independent third party purchaser (the "Purchaser") to sell (the "Jun Qiao Disposal") the Group's 60% shareholding in Jun Qiao, the holding company of the Group's interest in the Mining Assets, for a cash consideration of HK$100,000 together with a 30% proportionate sharing of the compensation, after costs, from the Recovery Actions (the "Outcome Sharing Adjustment"). Through the Jun Qiao Disposal, the Company was effectively selling its indirect interest in Jinfuyuan Mining and thereby selling the outcome of the Recovery Actions together with the prospect of recovering the Mining Assets and the Disposal Loans. The Directors are of the view that the Jun Qiao Disposal can reduce the Group's continual exposure to further litigation costs while retaining a partial interest in the prospect of the Recovery Actions and is therefore in the best interests of the Company and its shareholders as a whole.

GENERAL AND ADMINISTRATIVE EXPENSES

During the year ended 31 March 2019, the Group's general and administrative expenses (which mainly comprises legal and professional fees, salaries, directors' fees and office rentals) amounted to approximately HK$37.7 million (2017/2018: HK$51.0 million), which were 26.1% lower than that in 2017/2018 principally due to the implementation of cost-control measures by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

During the year ended 31 March 2019, finance costs amounting to HK$4.65 million were incurred, which stayed at almost the same level as in 2017/2018. The finance costs were mainly due to interest incurred on bonds issued in previous years.

INCOME TAX EXPENSES

During the year ended 31 March 2019, income tax expenses amounting to HK$7.6 million (2017/2018: HK$1.3 million) were incurred. The increase in the income tax expenses is principally due to the increase in the profit of the Group.

EARNINGS/(LOSS) PER SHARE

During the year ended 31 March 2019, the basic and diluted earnings per share amounted to 0.76 HK cents, as compared to the basic and diluted loss per share of 0.03 HK cents in 2017/18.

TRADE RECEIVABLES

The Group's trade receivables as at 31 March 2019 amounted to approximately HK$82.3 million, representing an increase of approximately HK$53.0 million as compared to approximately HK$29.3 million as at 31 March 2018. The increase in trade receivables was mainly due to the increase in business volume of the Group's trading business and the fuller utilisation of the credit period by our trading customers during the year. 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 of the Group were as follows:

	31 March 2019	31 March 2018
	HK$	HK$
Other receivables	**22,060,811**	41,311,833
Deposits	**2,198,603**	960,515
Prepayments	**206,887,600**	155,922,830
	231,147,014	198,195,178

The other receivables included advances to suppliers and potential suppliers who are independent third parties in the amount of HK$14,687,481 (31 March 2018: HK$35,354,445), which were fully utilized for prepayment of the Group's orders subsequent to the end of the reporting period. The remaining balances were not material to the Group.

FINANCIAL POSITION

During the year, the Group's shareholders' equity increased by 37.4% from approximately HK$556.6 million to approximately HK$765.0 million, and total assets increased by 17.8% from approximately HK$737.7 million to approximately HK$868.6 million, principally due to: (a) the completion of the issuance and allotment of 1,000,000,000 Shares (the "Subscription") to Yunnan Baiyao Holdings Company Limited ("Yunnan Baiyao Holdings") at the subscription price of HK$0.18 per share in November 2018, raising net proceeds of approximately HK$178.8 million; and (b) the total comprehensive income recorded during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group's cash and cash equivalents amounted to HK$74.7 million (31 March 2018: HK$144.0 million).

As at 31 March 2019, the Group had outstanding unsecured 5.5% per-annum 7-year (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 and will continue to be guaranteed by Jun Qiao beyond completion of the Disposal. 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. Under the terms of the Disposal, the Purchaser agreed not to dispose of its interests in the Jun Qiao Group, and the Jun Qiao Group agreed not to dispose of its interests in the Recovery Actions or the Mining Assets, in each case beyond completion of the Disposal up to and until 9 July 2021.

	As at 31 March 2019	As at 31 March 2018
Current ratio (current assets/current liabilities)	**8.3 times**	4.0 times
Gearing ratio (total liabilities/total assets)	**12%**	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 2019, the total number of issued ordinary shares of the Company was 6,448,152,160 shares (31 March 2018: 5,448,152,160 shares).

The Company has conducted the following equity fund raising exercises during the year ended 31 March 2019. On 20 August 2018, the Company entered into the subscription agreement regarding the Subscription of 1,000,000,000 shares by Yunnan Baiyao Holdings at the subscription price of HK$0.18 per subscription share. The Subscription was completed on 22 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

ACTUAL USE OF PROCEEDS OF PAST EQUITY FUND-RAISING ACTIVITIES

The Company entered into the subscription agreement with Yunnan Baiyao Holdings on 20 August 2018, pursuant to which the Company agreed to issue and allot 1,000,000,000 shares to Yunnan Baiyao Holdings at the subscription price of HK$0.18 per share. The Subscription was completed on 22 November 2018. The gross proceeds and net proceeds from the Subscription amounted to approximately HK$180 million and HK$178.8 million, respectively. At the time of Subscription, the Company intended to apply the net proceeds from the Subscription: (a) as to approximately HK$40 million for the Group's trading business of refined edible oil in China; (b) as to approximately HK$40 million for the Group's trading business of cosmetic products in Hong Kong; (c) as to approximately HK$52.5 million for the Group's personal care product business; (d) as to approximately HK$28.8 million for the Group's corporate expenses, including HK$12.4 million for the payment of salaries and remuneration of management and staff, HK$3.8 million for the payment of bond interest, HK$4.2 million for rental expenses, HK$5 million for professional fees and HK$3.4 million for business development budgets of the Group; and (e) as to approximately HK$17.5 million for the Group's general working capital. As at the date of this report, the actual usage of the net proceeds was as follows: (a) HK$65 million being applied for the Group's trading business in Hong Kong and China as intended, with HK$15 million which was set aside for the trading businesses remaining unutilised; (b) HK$52.5 million being applied for the Group's personal care product business as intended; (c) HK$14.5 million being utilized so far out of the HK$28.8 million originally set aside for the Group's corporate expenses; and (d) HK$18 million being applied for the Group's general wording capital as intended with HK$5.5 million remaining unutilised.

ADDITIONAL INFORMATION ON AUDITORS' MODIFIED OPINIONS

The Board wishes to draw the attention of the Shareholders to the section headed "Basis for Qualified Opinion" (the "Relevant Section") as contained in the Independent Auditor's Report dated 24 June 2019 issued by the Company's auditors, HLB Hodgson Impey Cheng Limited, contained on pages 37 to 40 of this Annual Report. On the basis set out therein, our auditors expressed their opinion that except for the possible effects of the matters described in the Relevant Section, the consolidated financial statements of the Company give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended, in each case in accordance with HKFRSs issued by HKICPA and that the consolidated financial statements of the Company have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance of Hong Kong.

As explained in the Relevant Section, the auditors' modified opinion was principally caused by the inaccessibility to books and records of the De-consolidated Subsidiaries casting uncertainty on the date of deconsolidation and the appropriateness of the accounting treatment of the De-consolidated Subsidiaries as subsidiaries of the Group from the date of acquisition until the date of deconsolidation, and the inability 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, the contingent liabilities and commitments committed by the Group and related party transactions. Without such sufficient appropriate audit evidence, the auditors would be unable to determine as to whether any adjustments were necessary to the amounts of the assets and liabilities of the Group as at 31 March 2018, the loss and cash flows of the Group for the year ended 31 March 2018, the amount of gain recognized on disposal of the Disposal Group during the year ended 31 March 2019 and the related disclosures in and notes to the consolidated financial statements.

ADDITIONAL INFORMATION ON AUDITORS' MODIFIED OPINIONS (CONTINUED)

The background of the Incidents, the loss of control of the De-consolidated Subsidiaries and the Recovery Actions undertaken by the Group in response to the Incidents were set out in the announcements of the Company dated 15 January 2017, 22 January 2017, 1 February 2017, 31 May 2018 and 27 July 2018. As disclosed in the Company's announcements dated 31 May 2018 and 27 July 2018, the application made by Jinfuyuan Mining for a re-trial of the Second Civil Judgment was rejected by Henan High People's Court, rendering the prospect of the Recovery Actions more uncertain. To reduce the Group's continual exposure to further litigation costs of the Recovery Actions, the Company entered into a sale and purchase agreement dated 31 January 2019 with an independent third party purchaser to sell the Group's 60% shareholding in Jun Qiao (the holding company of the Group's interest in the Mining Assets) for a cash consideration of HK$100,000 together with a 30% proportionate sharing of the compensation, after costs, from the Recovery Actions (the "Outcome Sharing Adjustment"). Through the Jun Qiao Disposal, the Company was effectively selling its indirect interest in Jinfuyuan Mining and thereby selling the outcome of the Recovery Actions together with the prospect of recovering the Mining Assets and the Disposal Loans, in return of a total relief from the further litigation cost and a potential upside on the Outcome Sharing Adjustment.

The auditors' qualified opinion originated from the loss of control of the De-consolidated Subsidiaries which was 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 qualified opinion did not directly relate to any judgmental areas, and there was no disagreement by the Board, the management nor the audit committee with the position taken by the Company's auditors regarding the de-consolidation or the qualified opinion. The Directors have discussed with the auditors regarding the qualified opinion, including the audit evidence required by the auditors (such as the books and records of, and audit confirmations on the amounts due from, the De-consolidated Subsidiaries) and the existence or non-existence of alternative audit procedures which could have been performed, during which process the Directors brought to the attention of our auditors that the inability to obtain the requested audit evidence was the natural consequence of the loss of control of the De-consolidated Subsidiaries, such that the scope limitation giving rise to the audit modification was not imposed by the Directors but was rather beyond the control, and without any fault, of the Company and the Directors.

The Directors of the view that the basis of qualified opinion of the Company's consolidated financial statements for the year ended 31 March 2019 relates exclusively to the residual effect of the loss of control of the De-consolidated Subsidiaries which took place over two years ago in the year ended 31 March 2017. With the disposal of Jun Qiao Group which was completed in February 2019, the Directors and the Auditor agreed that the matters giving rise to the audit modification (namely, the Incidents and the De-consolidated Subsidiaries) should have no further impact on the Company's income and financial position for the year ending 31 March 2020 and the bases of audit modification as set out in the Relevant Section should no longer recur for the year ending 31 March 2020, save for perhaps a residual modification on the comparative figures of income statement items and cash flow statement items for the year ended 31 March 2019.

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 36 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 March 2019, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

As at 31 March 2019, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2019, 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.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2019, the Group had 27 employees (31 March 2018: 27 employees). For the year ended 31 March 2019, the total salaries, commissions, incentives and all other staff related costs amounted to approximately to HK$9.9 million (2018: HK$6.1 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds, life insurance and medical assistance benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

As detailed in the "Business Review", the disposal of Jun Qiao was completed in February 2019.

The Group did not have any other significant investments, acquisitions or disposals during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Money lending business

During and subsequent to the year ended 31 March 2019, the money lending business of the Group continued to contribute a constant cash inflow to the Group.

As disclosed in the Company's announcement dated 27 September 2018, the Company responded to the changes in interest rate and monetary policy by fine-tuning its development pace of the money lending business. The Company will continue to take a pragmatic approach in its money lending business to adapt to the market environment and the money supply market and to counteract market challenges from time to time. The management expected the money lending segment will still be one of the major revenue and profit contributors of the Group in the coming years.

Trading segment

During the year ended 31 March 2019, the trading segment of the Group successfully diversified its trading goods categories from refined edible oil and cosmetic products to sugar and personal care products.

As disclosed in the Company's announcements dated 10 May 2019, Wan Long Xing Ye HK entered into a supply agreement with Yunnan Baiyao Group Yunfeng Import & Export Group Co., Ltd (an indirect wholly-owned subsidiary of Yunnan Baiyao Group Co., Ltd) regarding the supply of plant extracts and the provision of ancillary testing, logistics, import and export and related services as part of the Group's ordinary and usual course of business.

The management will continue its plan 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.

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 for the year ended 31 March 2019.

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 and the mining operation has been disposed in February 2019. The details of principal activities and other particulars of the subsidiaries are set out in note 34 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 ended of the financial year 2019, 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 11.

During the year ended 31 March 2019, 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 2019 are set out in the consolidated statement of profit and loss and other comprehensive income on pages 45 to 46.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 49 and note 32 to the consolidated financial statement 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 2019. In addition, the Company's share premium account of HK$988,278,817 as at 31 March 2019 may be distributed in the form of fully paid bonus shares. Details of the share premium account and reserves are set out in note 32 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 15 to the consolidated financial statements.

DIRECTORS' REPORT

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 26 to the consolidated financial statements.

BANK BORROWINGS AND BANKING FACILITIES

The Group had no outstanding bank borrowings as at 31 March 2019.

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 128.

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 the Bye-laws 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. Fong For, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan 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 20 to 22 of this Annual Report.

DIRECTORS' 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.

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 2019, 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 2019.

DIRECTORS' REPORT

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 or any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN A COMPETING BUSINESS AND CONFLICT INTERESTS

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year, the Group entered into the following connected transaction that is subject to the reporting requirement under the Listing Rules for disclosure in the Annual Report.

On 20 August 2018 the Company entered into the subscription agreement regarding the Subscription with Yunnan Baiyao Holdings, pursuant to which the Company has allotted and issued 1,000,000,000 Shares to Yunnan Baiyao Holdings at the subscription price of HK$0.180 per Share. Details of the Subscription are set out in the Company's announcements dated 20 August 2018, 28 September 2018, 1 October 2018 and 22 November 2018.

The Subscription Price of HK$0.180 per Subscription Share: (i) is equivalent to the closing price of HK$0.180 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) represents a discount of approximately 1.207% to the average closing price of HK$0.1822 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Subscription Agreement.

The 1,000,000,000 Subscription Shares represent (i) approximately 18.35% of the issued share capital of the Company as at the date of the Subscription Agreement; and (ii) approximately 15.51% of the issued share capital of the Company as enlarged by the Subscription Shares immediately after Completion, assuming that there is no other change in the issued share capital of the Company.

Yunnan Baiyao Holdings is a substantial shareholder holding 908,025,360 Shares (representing approximately 16.67% of the issued share capital) of the Company prior to the Subscription. As Yunnan Baiyao Holdings was a connected person of the Company, the Subscription constituted a connected transaction for the Company and was subject to the announcement, reporting and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Directors considered that the Subscription represented an opportunity for the Company to raise additional capital to support its business development and expansion. The terms of the Subscription were arrived at after arm's length negotiations between the Company and Yunnan Baiyao Holdings taking into account the then-prevailing trading prices of the Shares on the Stock Exchange, the net asset value per Share, the low trading liquidity of the Shares and a comparison of the issue price and the trading price of shares of other recent equity issues by companies listed on the Stock Exchange. After considering the factors above, the Directors (including the independent non-executive Directors whose recommendations are contained in the Letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser, both forming part of the circular of the Company dated 7 September 2018) considered that the terms of the Subscription are on normal commercial terms, are fair and reasonable and the entering into of the Subscription is in the best interests of the Company and the Shareholders as a whole. The Subscription was approved by the Independent Shareholders at the special general meeting of the Company held on 15 October 2018 and was completed on 22 November 2018.

Subsequent to the end of the reporting period, on 10 May 2019, Wan Long Xing Ye HK, a wholly-owned subsidiary of the Company, entered into a supply agreement (the "Supply Agreement") with Yunnan Baiyao Group Yunfeng Import & Export Trading Co., Ltd ("Yunfeng I&E Trading"), an indirect wholly-owned subsidiary of Yunnan Baiyao Group Co., Ltd. ("Yunnan Baiyao Group"), regarding the supply of plant extracts and the provision of ancillary testing, logistics, import and export and related services as part of the Group's ordinary and usual course of business. The annual caps of the transaction values under the Supply Agreement are HK$38,000,000 (the "Annual Caps") for each of the three financial years ending 31 March 2020, 2021 and 2022, respectively. The ongoing supplies of plant extracts and ancillary services under the Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profit ratio) in respect of the Annual Caps are less than 5% and the Board (including all the independent non-executive Directors) has approved the transactions as being fair and reasonable and on normal commercial terms or better from the Company's perspective, under Rule 14A.76(2)(a) of the Listing Rules, the transactions contemplated under the Supply Agreement are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details of the supply agreement, please refer to the Company's announcement dated 10 May 2019 and note 36 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered by the Group during the year ended 31 March 2019 are set out in note 29 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 2019, the interests and 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 the 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	7.68%
Fong For	Beneficial owner	349,068,000	5.41%

Save as disclosed above, as at 31 March 2019, none of the Directors or Chief Executive of the Company had any interest or short position in any shares, underlying shares or debenture of the Company or any of its associated corporations (within meaning of the SFO) which (a) were required to be 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) or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which (c) were required, pursuant to the Model Code to be notified to Company and the Stock Exchange.

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

As at 31 March 2019, 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	1,908,025,360	29.59%
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	1,908,025,360	29.59%
雲南省國有資產監督管理委員會 State-owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government ("Yunnan SASAC")	Interest in controlled corporation	1,908,025,360	29.59%
Mr. Chen Fa Shu	Interest in controlled corporation	1,908,025,360	29.59%

Note:

Based on the disclosure of interests ("DI") filings published on the website of the Stock Exchange and the information available to the Company, as at 31 March 2019, 1,908,025,360 Shares were held by Yunnan Baiyao Holdings, which was 45%, 45% and 10% owned by Yunnan SASAC, New Huadu and Jiangsu Yuwell Technology Development Co., Ltd. respectively, and New Huadu was in turn 76.87% owned by Mr. Chen Fa Shu. Based on the DI filings subsequent to 31 March 2019, these Shares were transferred by Yunnan Baiyao Holdings to Yunnan Baiyao Group as part of their merger.

Other than disclosed above, as at 31 March 2019, 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 2019, 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	104,764,929
– five largest suppliers combined	346,351,096
Sales	
– the largest customer	139,004,892
– five largest customers combined	485,174,453

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 events after the reporting period for the year are set out in note 36 to the consolidated financial statements.

DIRECTORS' REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

The Company's corporate governance practices, including Audit Committee, Nomination Committee and Remuneration Committee, are set out in the Corporate Governance Report on pages 23 to 36 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 2018/2019 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 2019.

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 Executive Director

Hong Kong, 24 June 2019

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chow Wang ("Mr. Chow"), aged 55, 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 34, 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, Ban Loong Fund Investment Limited and Ban Loong Hemp Technology Limited.

Mr. Wang Zhaoqing ("Mr. Wang"), aged 56, 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 60, 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 Growth Enterprise Market 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 50, 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 re-appointed as an arbitrator of the Qingyuan Arbitration Commission with hiring period from 1 June 2019 to 30 May 2022. 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.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung Ka Kui, Johnny ("Mr. Leung"), aged 62, 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) and Affluent Partners Holdings Limited (Stock Code: 1466), the shares of which are listed on the Main Board of the Stock Exchange, and Phoenitron Holdings Limited (Stock Code: 8066), the shares of which are listed on GEM of the Stock Exchange. Mr. Leung was formerly an independent non-executive director of Aeso Holding Limited (Stock Code: 8341, a GEM listed company) for the period from 13 January 2017 to 8 June 2017, and an independent non-executive director of Asia Coal Limited (Stock Code: 835, a Main Board listed company) for the period from 12 September 2018 to 6 June 2019.

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 46, 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 a director of Pan-China (H.K.) CPA Limited.

Ms. Wong is currently an independent non-executive director of Loco Hong Kong Holdings Limited (Stock Code: 8162) and the chief financial officer and company secretary of Astrum Financial Holdings Limited (Stock Code: 8333), the shares of which are listed on GEM of the Stock Exchange. Ms. Wong was formerly the company secretary of Grand Investment International Limited (now renamed as Youth Champ Financial Group Holdings Limited) (Stock Code: 1160, a Main Board listed company) between 14 November 2014 and 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") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") throughout the year ended 31 March 2019.

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 the Chairman and the Chief Executive Officer 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 appropriate time.

Code Provision A.4.1

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

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

Code Provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting to gain and develop a balanced understanding of the views of shareholders. During the year ended 31 March 2019, the Company held one annual general meeting on 28 September 2018 (the "2018 AGM") and two special general meetings (the "SGMs") on 28 September 2018 and 15 October 2018 respectively. Certain non-executive Director and the independent non-executive Directors were unable to attend the 2018 AGM and/or the SGMs due to other business commitment. However, views expressed by shareholders at general meetings are recorded and circulated for discussion by all directors regardless of attendance. The Company will plan its dates of meetings in advance to facilitate Directors' attendance.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also 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 of the Company 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 before all 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 3 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. The roles of Chairman and Chief Executive Officer are occupied by Mr. Chow Wang for higher operation and business efficiency as explained below.

The Board has a policy of having Directors with different professional, industry experiences, skills, knowledge and background so as to bring in valuable contributions and advices for the development of the Group's business. Currently, 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, 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-Law, all newly appointed directors will hold office until the first general meeting 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 officer of the Company were performed by Mr. Chow Wang ("Mr. Chow").

Mr. Chow takes an important role of the Chairman to provide leadership for the Board of the Company and Mr. Chow ensures from time to time that the Board of the Company works effectively and performs its responsibilities and all key and appropriate issues are discussed by the Board of the Company in a timely manner.

With the support from the Executive Directors and the Company Secretary, Mr. Chow is responsible for ensuring that the Directors perform their duties properly and ensuring discussions on material matters take place on a timely basis. The power and authority to carry out day-to-day operations and implementation of the strategies and directions set by the Board are delegated to the management team of the Company which is led by Mr. Chow. The management team of the Company accounts to the Board regarding the operation of the Group. Mr. Chow also takes the role of Chief Executive Officer to provide the leadership for the Company's development and execution of long-term corporate strategies.

During the year, Mr. Chow attended all the general meetings held by the Company to answer all questions raised by the shareholders and that their views were communicated to the Board of the Company as a whole.

As explained above, the Board considers that vesting the roles of the Chairman and the Chief Executive Officer 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 appropriate time.

THE BOARD OF DIRECTORS (CONTINUED)

Non-Executive Directors

All non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company in line with the Company's Bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no 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 5 meetings in the fiscal year. Prior notice and the agenda of the Board meetings were 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 by Directors.

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 Meetings
Total numbers of meetings held during the year ended 31 March 2019	5	3	3	2	3
Executives:					
Mr. Chow Wang	5/5	N/A	3/3	2/2	3/3
Mr. Chu Ka Wa	5/5	N/A	3/3	2/2	3/3
Mr. Wang Zhaoqing	5/5	N/A	N/A	N/A	3/3
Non-Executive:					
Mr. Fong For	3/5	N/A	N/A	N/A	0/3
Independent Non-executives:					
Mr. Jiang Zhi	5/5	3/3	3/3	2/2	2/3
Mr. Leung Ka Kui, Johnny	3/5	2/3	2/3	1/2	0/3
Ms. Wong Chui San, Susan	5/5	3/3	3/3	2/2	2/3

THE BOARD OF DIRECTORS (CONTINUED)

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. Training materials and regular updates were made available for Directors' studying, covering the topics on the inside information disclosure requirements under the Securities and Futures Ordinance, continuing and connected transactions under Chapter 14A of the Listing Rules, and other relevant laws and the 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 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 2019 included the following matters:

i. reviewed and made recommendations to the Board the increment in remuneration packages for the year 2019 for all the Directors and senior management 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. reviewed and made recommendations to the Board on 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 on 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 during 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 (including the skills, knowledge and experience) of the Board on a regular basis and identifying individuals suitably qualified to become board members. It is also responsible for accessing 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.

Board diversity policy and nomination policy have been adopted to maintain the Board with a diversity of directors and with a nomination process of candidates respectively.

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 2019 included the following matters:

i. reviewed and amended the NC terms of reference 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; and

iii. adopted a nomination policy to achieve the selection, appointment and re-appointment of the Directors of the Company.

The biographies of the above-named directors are set out in the section of "Biographical Information of Directors and Senior Management" in this Annual Report.

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

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

Board Diversity Policy

With an aim to achieve diversity on the Board of the Company, the Board has approved and adopted a board diversity policy (the "Board Diversity Policy") and revised the terms of reference of the Nomination Committee to ensure the appropriate implementation of the Board Diversity Policy on 29 November 2013.

The Board Diversity Policy was made with a view to achieving a sustainable and balanced development of the Company, of which, among others, selection of appropriate candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural, skills, professional experience, educational background and length of service. The ultimate decision will be based on merit and contribution that the elected candidates will bring to the Board, The Board's composition will be disclosed in the Corporate Governance Report annually.

Nomination Policy

With an aim to set out the criteria and process in relation to the selection, appointment and re-appointment of the Directors of the Company to guide the Nomination Committee of the Company, the Board has approved and adopted a nomination policy ("Nomination Policy") in January 2019 to assess the suitability of a candidate for directorship and make recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing directors to the Board.

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

a. character and integrity;

b. professional qualifications, knowledge and skills and professional experience that are relevant to the Company's business and corporate strategy;

c. willingness to devote adequate time to discharge duties as a Board or committee member and other directorships and significant commitments;

d. requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out therein;

e. Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

f. such other perspectives appropriate to the Company's business.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

Nomination Policy (Continued)

The Nomination Committee will recommend to the Board for appointment as additional Director or to fill Board's casual vacancy in accordance with the following procedures:

a. The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out in the above criteria to determine whether such candidate is qualified for directorship.

b. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

c. The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship.

d. 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.

e. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out in the above criteria to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

f. Pursuant to the Bye-laws of the Company, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, 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/she retires. For all newly appointed directors who will hold office until the first general meeting of shareholders after his/their appointment(s) and shall then be eligible for re-election.

g. A candidate is allowed to withdraw his/her candidacy at any time before the general meeting by serving a notice in writing to the Company.

h. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee will review the Board Diversity Policy and Nomination Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy and Nomination Policy.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

Nomination Policy (Continued)

Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for selection and appointment of Directors rests with the entire Board.

During the year ended 31 March 2019, no new director was appointed.

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 2019, the AC held 3 meetings and the work of AC included the following matters:

i. reviewed and discussed the terms of reference of AC in order to be in line with the latest amendment of Listing Rules;

ii. 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;

iii. discussed with management the status of interim results for the six months ended 30 September 2018 and annual results for the year ended 31 March 2019;

iv. 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 2019;

v. reviewed and discussed with management and the external auditors regarding the financial statements for the year ended 31 March 2019 and management letter;

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

vi. reviewed and discussed with management and the external auditors regarding the unaudited interim financial statements for the six months ended 30 September 2018 and management letter;

vii. reviewed the effectiveness of internal control system;

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

ix. 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;

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

xi. 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.

The number of AC meetings held during the year and record of individual attendance of members, on a named basis, at meetings held during was set out in section headed "Board Meetings" above. The Group's Annual Report for the year ended 31 March 2019 has been reviewed by the AC.

The AC currently consists of the following three members, of which Ms. Wong Chui San, Susan is a certified public accountant:

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 37 to 44.

BOARD COMMITTEES (CONTINUED)

Accountability and Audit (Continued)

Risk Management and Internal Control

The management regularly assessed the effectiveness of the Company's risk management and internal control systems. In this regard, the Group has engaged external consultants to conduct a review on the risk management and internal control systems of the Group, covering operational procedures and including 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 the internal control consultant was submitted to the Audit Committee of the Company, with no significant control failings or weakness being identified by the internal control consultant during the review but with operational procedures and recommendations for areas of improvement and strengthening. In the light of the report, the Board considered that the risk management and internal control systems of the Group are effective and adequate.

The Group has put in place risk management framework, policies and procedures to identify, assess, manage, control and report risks including strategic, credit, operational (administrative, system, human resources, tangible and reputable), market, liquidity, legal and regulatory risks. Further, the Group has established policies and procedures regarding the publication of inside information setting out the guiding principles, procedures and internal controls for the handling and dissemination of price-sensitive information in a timely manner.

The Company acknowledged that it is the Board's responsibility to maintain risk management and internal control systems and to review their effectiveness, such systems being designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Reference is made to the Company's announcements dated 15 January 2017, 1 February 2017, 31 May 2018 and 27 July 2018 regarding the Mining Incidents resulting in the loss of control and the deconsolidation of the Mining Assets. Following the revelation of the Mining Incidents, the management reviewed its risk management and internal control systems, particularly those relating to company seal and chop usage. Based on the management's review, the Board came to the conclusion that the Incident was related to the integrity of individual ex-officer of the Group and of one-off nature, carrying no indication of systematic failings and thereby bearing no apparent relationship with the effectiveness of the Company's internal control systems.

The Company is of the view that it has put in place internal control systems to safeguard its assets, including keeping proper control over official seals of the Group. The Company is of the view that there is no need to put in place any internal policy for handling obsolete or lost company seals, as the making of new company seals and the invalidating of obsolete or lost company seals are strictly governed by PRC law. In this regard, the Company is of the view that it has complied, and will continue to comply, with the applicable laws and regulations regarding the lost or obsolete official seals as required by PRC law.

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 2019 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, there was no fee paid or payable to the auditor for non-audit services provided to the Group.

COMPANY SECRETARY

Ms. Li Wing Sze ("Ms. Li"), the Company Secretary of the Company, is the full-time employee of the Company and has knowledge of the Company's affairs. 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. Ms. Li confirmed that for the year ended 31 March 2019, she has complied with Rule 3.29 of the Listing Rules and has confirmed that she 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 Senior Management" in this Annual 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.

Dividend Policy

The Company adopts a dividend policy, taking into consideration all circumstances including the following factors before declaring or recommending dividends: (i) the current and projected financial performance of the Company; (ii) effective allocation of distributable retained earnings and reserves; (iii) the growth and investment opportunities; (iv) other macro and micro economic factors; and (v) other factors or events that the Board may consider relevant or appropriate from time to time. The payment of dividend is also subject to any restrictions under the applicable laws and the Company's Bye-laws.

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 through 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 AUDITORS' 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 MEMBERS OF BAN LOONG HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Ban Loong Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 127, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

(a) De-consolidation of subsidiaries

As disclosed in note 3 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, 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"). 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. Hence the De-consolidated Subsidiaries have been deconsolidated with effect from 1 April 2016 in the 2017 Consolidated Financial statements. 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. As disclosed in note 31 to the consolidated financial statements, the Group had disposed of the entire issued share capital of Jun Qiao Limited (the "Disposal") and the Group ceased its control of Jun Qiao Limited and its subsidiaries (the "Disposal Group") upon completion of the Disposal on 25 February 2019 (the "Disposal Date"). Jun Qiao Limited is an investment holding company whose principal assets are its investments in the De-consolidated Subsidiaries. The Group recognized gain on disposal of the Disposal Group of approximately HK$5,735,111, which is presented as other income in the Group's consolidated statement of profit or loss and other comprehensive income.

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 completion of disposal of the Disposal Group, 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 was 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 1 April 2016, 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. Consequently, we were unable to determine whether any adjustments were necessary to the amounts of the assets and liabilities of the Group as at 31 March 2018, the loss (including the gain recognised on disposed of the Disposal Group) and cash flows of the Group for the years ended 31 March 2019 and 2018, 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 (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 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; and (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 assessed in accordance with the requirements of applicable HKFRSs. 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 were free from material misstatement. In addition, the scope limitation explained in (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 the loss and cash flows of the Group for the years ended 31 March 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

(c) Contingent liabilities and commitments

Due to circumstances described in (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 as disclosed in note 3 were properly recorded and accounted for in accordance 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 of the Group 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 the loss and cash flows of the Group for the year ended 31 March 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

(d) Related party transactions

The scope limitation explained in (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 set out in note 29 to the consolidated financial statements were complete 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 about the related party transactions which occurred during the year ended 31 March 2019 and 2018.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the consequential effect of de-consolidation of subsidiaries. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses assessment of trade receivables	
Refer to note 4 and note 17 to the consolidated financial statements.	
As at 31 March 2019, the Group had gross trade receivables of approximately HK$82,707,321 (2018: HK$29,280,334) and provision for allowance for expected credit losses of approximately HK$445,043 (2018: Nil). In general, the trade receivable credit terms granted by the Group to the customers ranged within 90 days (2018: 90 days). Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for allowance for expected credit losses based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment. We focused on this area due to the allowance for expected credit losses assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.	Our procedures in relation to management's allowance for expected credit losses assessment of the trade receivables as at 31 March 2019 included: • Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis; • Checking, on a sample basis, the ageing profile of the trade receivables as at 31 March 2019 to the underlying financial records and post year-end settlements to bank receipts; • Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and • Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses. We found that the management judgment and estimates used to assess the recoverability of the trade receivables and determine the impairment provision to be supportable by available evidence.

Key audit matter	How our audit addressed the key audit matter

Allowance for expected credit losses assessment of loan receivables

Refer to note 4 and note 18 to the consolidated financial statements.

As at 31 March 2019, the Group's gross loan receivables amounted to HK$470,619,488 (2018: HK$357,687,274) and a provision for allowance for expected credit losses of loan receivables of HK$318,803 (2018: HK$Nil) was recognised in the Group's consolidated balance sheet.

The balance of provision for allowance for expected credit losses of loan receivables represents the management's best estimates at the balance sheet date of expected credit losses under Hong Kong Financial Reporting Standard 9: Financial Instruments expected credit losses models.

Management assesses whether the credit risk of loan receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their expected credit losses. The measurement models of expected credit losses involves significant management judgments and assumptions, primarily including the following:

- Selection of appropriate model and determination of relevant key measurement parameters, including probability of default, loss given default and exposure at default;
- Criteria for determining whether or not there was a significant increase in credit risk or a default; and
- Economic indicator for forward-looking measurement, and the application of economic scenarios and weightings.

We focus on this area due to the magnitude of the loan receivables and the significant estimates and judgement involved in determining the expected credit impairment losses allowance on the loan receivables.

Our procedures in relation to management's assessment on provision for allowance for expected credit losses of loan receivables as at 31 March 2019 included:

- Understanding and testing the key control procedures performed by management, including its procedures on periodic review on overdue receivables and the assessment of expected credit losses allowance on the loan receivables;
- Understanding and evaluating the modelling methodologies for expected credit losses measurement, assessed the reasonableness of the model selection and key measurement parameters determination;
- For the historical information, discussing with management to understand the management's identification of significant increase in credit risk, defaults and credit-impaired loans, corroborated management's explanation with supporting evidence;
- For forward-looking measurement, we assessing the reasonableness of economic indicator selection, economic scenarios and weightings application, assessed the reasonableness of the estimation by comparing with industry data; and
- Checking major data inputs used in the expected credit losses models on sample basis to the Group's record.

We found that the management judgement and estimates used to assess the recoverability of the loan receivables and determine the impairment provision to be supportable by available evidence.

INDEPENDENT AUDITORS' REPORT

RESPONSIBILITIES OF THE 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 HKICPA 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 the 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

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

Hong Kong, 24 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
Revenue	7	**910,081,910**	767,607,149
Cost of sales		**(823,076,956)**	(711,567,937)
Gross profit		**87,004,954**	56,039,212
Other income and gain	8	**5,844,032**	60,305
Net allowance for expected credit losses		**2,569,442**	–
Share of result of an associate	16	**(146,086)**	(175,837)
Selling and distribution expenses		**(984,355)**	(408,532)
General and administrative expenses		**(37,721,658)**	(51,049,546)
Finance costs	9	**(4,650,000)**	(4,650,000)
Profit/(loss) before tax	10	**51,916,329**	(184,398)
Income tax expenses	13	**(7,648,435)**	(1,309,522)
Profit/(loss) for the year		**44,267,894**	(1,493,920)
Other comprehensive (expense)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operation		**(11,232,423)**	13,071,812
Exchange reserve released on disposal of subsidiaries		**(1,027,801)**	–
Other comprehensive (expense)/income for the year		**(12,260,224)**	13,071,812
Total comprehensive income for the year		**32,007,670**	11,577,892

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
Profit/(loss) for the year attributable to:			
Owners of the Company		**44,271,814**	(1,465,735)
Non-controlling interests		**(3,920)**	(28,185)
		44,267,894	(1,493,920)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**32,011,590**	11,637,689
Non-controlling interests		**(3,920)**	(59,797)
		32,007,670	11,577,892
Earnings/(loss) per share	14		
– Basic and diluted (HK cents)		**0.76**	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$	2018 HK$
Non-current assets			
Property, plant and equipment	15	**3,964,173**	4,073,539
Investments in an associate	16	**412,717**	558,803
Loan receivables	18	**820,311**	1,019,488
Deferred tax asset	25	**260,918**	209,642
		5,458,119	5,861,472
Current assets			
Trade receivables	17	**82,262,278**	29,280,334
Loan and interest receivables	18	**475,114,381**	358,909,116
Other receivables, deposits and prepayments	19	**231,147,014**	198,195,178
Tax recoverable		**–**	1,414,296
Bank balances and cash	20	**74,664,169**	144,042,321
		863,187,842	731,841,245
Current liabilities			
Trade and other payables	21	**14,953,908**	109,100,093
Contract liabilities	22	**15,009,993**	–
Amounts due to non-controlling shareholders of subsidiaries	23	**–**	4,375,651
Tax payable		**5,298,410**	3,303
Bonds	24	**68,429,000**	67,629,000
		103,691,311	181,108,047
Net current assets		**759,496,531**	550,733,198
Net assets		**764,954,650**	556,594,670

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$	2018 HK$
Capital and reserves			
Share capital	26	**64,481,522**	54,481,522
Reserves		**699,548,248**	501,650,399
Equity attributable to owners of the Company		**764,029,770**	556,131,921
Non-controlling interests		**924,880**	462,749
Total equity		**764,954,650**	556,594,670

Chow Wang
Director

Chu Ka Wa
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company							
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Exchange reserve HK$	Accumulated losses HK$	Sub-total HK$	Non-controlling interests HK$	Total HK$
At 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 26)	9,080,254	190,685,326	–	–	–	199,765,580	–	199,765,580
At 31 March 2018 and 1 April 2018	54,481,522	819,478,817	176,000	11,855,407	(329,859,825)	556,131,921	462,749	556,594,670
Adoption of HKFRS 9 (Note i)	–	–	–	–	(2,913,741)	(2,913,741)	–	(2,913,741)
Adjusted balance at 1 April 2018	**54,481,522**	**819,478,817**	**176,000**	**11,855,407**	**(332,773,566)**	**553,218,180**	**462,749**	**553,680,929**
Profit for the year	**–**	**–**	**–**	**–**	**44,271,814**	**44,271,814**	**(3,920)**	**44,267,894**
Other comprehensive income for the year:								
Release of exchange reserve upon disposal of subsidiaries	**–**	**–**	**–**	**(1,027,801)**	**–**	**(1,027,801)**	**–**	**(1,027,801)**
Exchange differences arising on translating foreign operation	**–**	**–**	**–**	**(11,232,423)**	**–**	**(11,232,423)**	**–**	**(11,232,423)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(12,260,224)**	**44,271,814**	**32,011,590**	**(3,920)**	**32,007,670**
Release upon disposal of subsidiaries (note 31)	**–**	**–**	**–**	**–**	**–**	**–**	**466,051**	**466,051**
Issue of shares upon shares subscription (note 26)	**10,000,000**	**170,000,000**	**–**	**–**	**–**	**180,000,000**	**–**	**180,000,000**
Transaction costs attributable to issue of shares	**–**	**(1,200,000)**	**–**	**–**	**–**	**(1,200,000)**	**–**	**(1,200,000)**
At 31 March 2019	**64,481,522**	**988,278,817**	**176,000**	**(404,817)**	**(288,501,752)**	**764,029,770**	**924,880**	**764,954,650**

Note:

(i) Upon the adoption of HKFRS 9 "Financial Instruments" on 1 April, 2018, accumulated impact of HK$2,913,741 was recorded as an adjustments to the accumulated losses as at 1 April 2018, which represented the impairment loss allowance, net of deferred tax impact. Details of the adjustment are set out in Note 2.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
OPERATING ACTIVITIES			
Profit/(loss) before tax		**51,916,329**	(184,398)
Adjustments for:			
Depreciation of property, plant and equipment	15	**1,199,779**	1,679,571
Gain on disposal of subsidiaries	31	**(5,735,111)**	–
Allowance for expected credit losses on trade receivables		**296,034**	–
Reversal of allowance for expected credit losses on trade receivables		**(16,882)**	–
Allowance for expected credit losses on other receivables		**7,303**	–
Reversal of allowance for expected credit losses on other receivables		**(156,270)**	–
Allowance for expected credit losses on loan receivables		**175,333**	–
Reversal of allowance for expected credit losses on loan receivables		**(2,874,960)**	–
Finance costs	9	**4,650,000**	4,650,000
Bank interest income	8	**(108,921)**	(60,305)
Share of results of an associate	16	**146,086**	175,837
Operating cash flows before movements in working capital		**49,498,720**	6,260,705
Increase in trade receivables		**(55,117,970)**	(17,005,857)
Increase in loan and interest receivables		**(116,324,891)**	(128,024,716)
Increase in other receivables, deposits and prepayments		**(63,982,160)**	(115,503,255)
(Decrease)/increase in trade and other payables		**(71,060,567)**	80,855,078
Increase in amount due from an associate		**–**	(34,640)
Cash used in operation		**(256,986,868)**	(173,452,685)
Tax paid		**(489,482)**	(4,601,486)
Net cash used in operating activities		**(257,476,350)**	(178,054,171)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
INVESTING ACTIVITIES			
Bank interest received		**108,921**	60,305
Decrease in loans advanced to independent third parties		**18,410,882**	31,847,473
Purchases of property, plant and equipment		**(1,141,493)**	(1,089,480)
Investment in an associate		**–**	(700,000)
Net cash inflow from disposal of subsidiaries	31	**67,197**	–
Net cash generated from investing activities		**17,445,507**	30,118,298
FINANCING ACTIVITIES			
Capital injection from a non-controlling interest of a subsidiary		**–**	928,800
Proceeds from shares subscription	26	**178,800,000**	199,765,580
Decrease in loans advanced from independent third parties		**(1,398,624)**	(22,266,826)
Interest paid		**(3,850,000)**	(3,850,000)
Net cash generated from financing activities		**173,551,376**	174,577,554
Net (decrease)/increase in cash and cash equivalents		**(66,479,467)**	26,641,681
Cash and cash equivalents at beginning of the year		**144,042,321**	114,323,600
Effect of foreign exchange rate changes		**(2,898,685)**	3,077,040
Cash and cash equivalents at end of the year, represented by bank balance and cash		**74,664,169**	144,042,321

1. GENERAL INFORMATION

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

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 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")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group's financial performance and positions 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)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

The above new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	**31 March 2018**	**HKFRS 9**	**HKFRS 15**	**1 April 2018**
	HK$	HK$	HK$	HK$
Non-current assets				
Deferred tax assets	209,642	500,826	–	710,468
Current assets				
Trade receivables	29,280,334	(165,891)	–	29,114,443
Loan and interest receivables	358,909,116	(3,018,430)	–	355,890,686
Other receivables, deposits and prepayments	198,195,178	(230,246)	–	197,964,932
Current liabilities				
Trade and other payables	109,100,093	–	(88,771,002)	20,329,091
Contract liabilities	–	–	88,771,002	88,771,002
Net current assets	550,733,198	(3,414,567)	–	547,318,631
Net assets	556,594,670	(2,913,741)	–	553,680,929
Capital and reserves				
Reserves	501,650,399	(2,913,741)	–	498,736,658
Total equity	556,594,670	(2,913,741)	–	553,680,929

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

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments, Amendments to HKFRS 9 Prepayment Features with Negative Compensation and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; (2) expected credit losses ("ECLs") for financial assets; and (3) hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other item subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

(a) **Classification and measurement**

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at the date of initial application have not been impacted by the initial application of HKFRS 9.

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

Summary of effects arising from initial application of HKFRS 9 (Continued)

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and other receivables. Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including loan receivables, deposits and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition which are based on internal credit rating and past due analysis.

Other financial assets measured of amortised cost

ECL for other financial assets at amortised cost, including deposits and bank balances are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition. As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognised at 1 April 2018.

The impact, net of tax, of transition HKFRS 9 on the opening balance of accumulated losses as at 1 April 2018 is summarized in the table below:

	HK$
Accumulated losses as at 31 March 2018	(329,859,825)
Increase in expected credit losses ("ECLs") in	
– Trade receivables	(165,891)
– Loan receivables	(3,018,430)
– Other receivables	(230,246)
– Deferred tax assets	500,826
Restated accumulated losses as at 1 April 2018	(332,773,566)

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

Summary of effects arising from initial application of HKFRS 9 (Continued)

(b) Impairment under ECL model (Continued)

All loss allowances, including, trade and other receivables, and loan receivables as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade receivables HK$	Other receivables HK$	Loan receivables HK$
At 31 March 2018 – HKAS 39	–	–	–
Amounts re-measured through opening – accumulated losses	165,891	230,246	3,018,430
At 1 April 2018 – HKFRS 9	165,891	230,246	3,018,430

HKFRS 15 Revenue from Contracts with Customers and the related Amendments

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue mainly from following major sources which arise from contracts with customers: (a) money lending services; and (b) trading of goods and commodities.

Information about the Group's performance obligations and the accounting policies resulting from the application of HKFRS 15 are disclosed the notes to the audited consolidated financial statements.

Except for the reclassification of the contract liabilities from receipt in advance of HK$88,771,002 at initial application, HKFRS 15 was generally adopted without restating any other comparative information. There is no impact of transition to HKFRS 15 on accumulated losses at 1 April 2018.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual period beginning on or after 1 January 2020

Except for the new HKFRS mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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.

The total operating lease commitment of the Group in respect of its office properties as at 31 March 2019 amounted to HK$9,426,670. The Directors 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 recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application.

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 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"). 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. Hence the De-consolidated Subsidiaries have been de-consolidated with effect from 1 April 2016 in the Consolidated Financial Statements. 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. As disclosed in note 31 to the consolidated financial statements, the Group had disposed of the entire issued share capital of Jun Qiao Limited (the "Disposal") and the Group ceased its control of Jun Qiao Limited and its subsidiaries (the "Disposal Group") upon completion of the Disposal on 25 February 2019 (the "Disposal Date"). Jun Qiao Limited is an investment holding company whose principal assets are its investments in the De-consolidated Subsidiaries. The Group recognized gain on disposal of the Disposal Group of approximately HK$5,735,111, which is presented as other income in the Group's consolidated statement of profit or loss and other comprehensive income.

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 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 completion of disposal of the Disposal Group, 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 was 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 from 2011 onwards and until 1 April 2016, 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. Consequently, we were unable to determine whether any adjustments were necessary to the amounts of the assets and liabilities of the Group as at 31 March 2018, the loss (including the gain recognised on disposed of the Jun Qiao Group) and cash flows of the Group for the years ended 31 March 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (upon adoption of HKFRS 15 in accordance with transitions in note 2)

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

A contract liability is recognised when the consideration is received from customers before the goods are delivered. A receivable is recognised when the goods are delivered and accepted as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales of goods

Revenue from trading of goods and commodities are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Interest income

Interest income is recognised as it accrues using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted of the original effective, interest rate of the instrument and continues unwinding the discount as interest income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (before application on 1 April 2018)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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.

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.

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018)

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

Recognised financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities 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 FVTPL are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018) (Continued)

Financial assets

All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically

a. debt instruments 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 amount outstanding ("SPPI"), are subsequently measured at amortised cost;

b. debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI; and

c. all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies, in other comprehensive income; and

- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Amortised cost and 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.

For financial instruments other than purchased or originated credit-impaired financial assets, 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) excluding expected credit losses ("ECLs"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018) (Continued)

Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the "Other income" line item.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits/will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

Impairment of financial assets

The Group recognises loss allowances for ECLs on the following financial instruments that are neither measured at FVTPL:

(a) trade receivables, loan and interest receivables

(b) other receivables and deposits

(c) cash and bank balances

ECLs are required to be measured through a loss allowance at an amount equal to:

(a) 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage l); or

(b) Lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018) (Continued)

Impairment of financial assets (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for amounts due from related companies. The ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of financial instruments that share similar economic risk characteristics. The measurement of loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and quantitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018) (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018) (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

(a) significant financial difficulty of the borrower or issuer;

(b) a breach of contract such as a default or past due event;

(c) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

(d) the disappearance of an active market for a security because of financial difficulties; or

(e) the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018) (Continued)

Measurement and recognition of ECLs (Continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each separate group continues to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risk are taken into account by adjusting the cash shortfalls being discounted.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9 and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables where the corresponding adjustment is recognized through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (under adoption of HKFRS 9 as at 1 April 2018) (Continued)

Measurement and recognition of ECLs (Continued)

Presentation of allowance for ECL in the combined statements of financial position

Loss allowances for ECL are presented in the combined statements of financial position as follows:

(a) for financial assets measured at amortised cost; loss allowances for ECL are presented in the combined statements of financial position as a deduction from the gross carrying amount of the assets;

(b) for equity instruments measured at FVTOCI, no loss allowance is recognised in the combined statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the FVTOCI reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities, including other payables, amounts due to related companies, amount due to a related party and secured borrowings are subsequently measured at amortised cost using the 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 through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (before 1 April 2018)

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 (before 1 April 2018) (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 (before 1 April 2018) (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 (before 1 April 2018) (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.

Convertible bonds

Convertible bonds issued by the Company that contain the liability, conversion option and early redemption option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible bonds. At the date of issue, both the liability and early redemption option components are measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the aggregate of the fair values assigned to the liability component and the early redemption option component respectively, representing the conversion option for the holder to convert the convertible bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The early redemption option component of the convertible bonds is measured at fair value with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the conversion option are exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to accumulated losses). When the conversion option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of convertible bonds are allocated to the liability, equity components and early redemption option components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity components are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method. Transaction costs related to the early redemption option component are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (before 1 April 2018) (Continued)

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.

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 2019 was HK$3,964,173 (2018: HK$4,073,539).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 2019 was HK$3,964,173 (2018: HK$4,073,539). No impairment loss has been recognised as at 31 March 2019 and 2018.

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$82,262,278 (2018: HK$29,280,334), HK$475,934,692 (2018: HK$359,928,604) and HK$231,147,014 (2018: HK$198,195,178) respectively.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement at amortised cost in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6.

Income taxes

As at 31 March 2019, no deferred tax asset has been recognised in respect of tax losses amounting to HK$11,926,719 (2018: HK$109,768,437) 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 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

	2019 **HK$**	2018 HK$
Financial assets		
At amortised cost:		
Loans and receivables (including bank balances and cash)	**657,120,553**	575,523,607
Financial liabilities		
Financial liabilities at amortised cost	**83,382,908**	92,333,742

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	
	2019	2018
	HK$	HK$
HK$	**106,381**	112,695
Renminbi ("RMB")	**–**	10,981

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)

Sensitivity analysis (Continued)

The following table details the Group's sensitivity of 5% (2018: 5%) increase and decrease in functional currencies of the respective entities against the relevant foreign currencies. 5% (2018: 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% (2018: 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% (2018: 5%) against the relevant currency.

	HK$ impact		**RMB impact**	
	2019 HK$	2018 HK$	**2019 HK$**	2018 HK$
Post-tax loss and other equity	**4,441**	4,705	**–**	412

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the loan and interest receivables (see note 18) 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 20 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 2019 and 2018. Hence, no sensitivity analysis is presented.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk

As at 31 March 2019, 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. 6% (2018: 8%) of the total loan and interest receivables as at 31 March 2019 was due from the largest borrower from the money lending segment and 24% (2018: 32%) of the total loan and interest receivables as at 31 March 2019 was due from the five largest borrowers from the money lending segment.

Loan receivables
Movement of allowance for impairment losses:

	12m ECL HK$'000	Lifetime ECL not credit-impaired HK$'000	Lifetime ECL credit-impaired HK$'000	Total HK$'000
At 1 April 2017 and 31 March 2018	–	–	–	–
Effect arising from adoption of HKFRS 9	3,018,430	–	–	3,018,430
At 1 April 2018	3,018,430	–	–	3,018,430
Allowances for expected credit losses	175,333	–	–	175,333
Reversal of allowances for expected credit losses	(2,874,960)	–	–	(2,874,960)
At 31 March 2019	318,803	–	–	318,803

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk (Continued)

With respect of credit risk arising from trade and other receivables during the year ended 31 March 2019, 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 38% (2018: 90%) and 83% (2018: 100%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively at 31 March 2019.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. 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.

Trade receivables

	Within 90 days	Total
As at 1 April 2018		
Expected credit loss rate	0.57%	0.57%
Gross carrying amount (HK$)	29,280,334	29,280,334
Lifetime ECL	(165,891)	(165,891)
	29,114,443	29,114,443

	Within 90 days	**Total**
As at 31 March 2019		
Expected credit loss rate	**0.54%**	**0.54%**
Gross carrying amount (HK$)	**82,707,321**	**82,707,321**
Lifetime ECL	**(445,043)**	**(445,043)**
	82,262,278	**82,262,278**

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Other receivables

For other receivables relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the provision for expected credit losses by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

The movement of loss allowances for other receivables during the year are as follows:

	Other receivables HK$
At 31 March 2018	–
Amounts re-measured through opening accumulated losses	230,246
At 1 April 2018, restated	230,246
Allowance for expected credit losses	7,303
Reversal of allowance of ECL (Note)	(156,270)
Balance as at 31 March 2019	81,279

Note: Reversal of allowance of ECL is due to the Group's recovery of other receivables

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	Total undiscounted cash flows	Carrying amount
	HK$	HK$	HK$
As at 31 March 2019			
Non-derivative financial liabilities:			
Trade and other payables	**14,953,908**	**14,953,908**	**14,953,908**
Bonds (Note)	**56,183,528**	**56,183,528**	**68,429,000**
	71,137,436	**71,137,436**	**83,382,908**
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

Note: As at 31 March 2019, the aggregate undiscounted principal amount of the bonds amounted to HK$70,000,000 (2018: 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. In addition, the holders of the Bonds have the early redemption option to request for early redemption after the fourth anniversary of the issue date up to the maturity date. 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, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided. The Directors have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

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

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

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

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 2019

	Money lending HK$	Trading HK$	Total HK$
Revenue	**74,131,590**	**835,950,320**	**910,081,910**
Segment profit	**74,603,847**	**3,635,235**	**78,239,082**
Unallocated corporate income and gain			**5,811,543**
Unallocated corporate expenses			**(27,484,296)**
Finance cost			**(4,650,000)**
Profit before tax			**51,916,329**

For the year ended 31 March 2018

	Money lending HK$	Trading 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 cost			(4,650,000)
Loss before tax			(184,398)

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 (2018: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of directors' salaries, certain bank interest income included in other income and gain, gain on disposal 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:

	2019 **HK$**	2018 HK$
Segment assets		
Money lending	**496,750,029**	379,878,650
Trading	**321,728,118**	275,173,080
Unallocated corporate assets	**50,167,814**	82,650,987
Consolidated assets	**868,645,961**	737,702,717

	2019 **HK$**	2018 HK$
Segment liabilities		
Money lending	**4,855,194**	925,453
Trading	**19,762,015**	94,166,102
Unallocated corporate liabilities	**79,074,102**	86,016,492
Consolidated liabilities	**103,691,311**	181,108,047

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, 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$nil (2018: HK$1,414,296) and deferred tax asset of HK$260,391 (2018: HK$209,642) were allocated to money lending segment and deferred tax asset of HK$527 (2018: HK$nil) was allocated to trading segment. However, the relevant income tax expense of HK$7,648,435 (2018: HK$1,309,522) was not included in the measurement of segment results.

Other segment information

For the year ended 31 March 2019

	Money lending HK$	Trading HK$	Unallocated HK$	Total HK$
Amounts include in the measure of segment results or segment assets:				
Depreciation of property, plant and equipment	49,230	239,775	910,774	1,199,779
Additions to non-current assets (Note)	149,200	259,018	733,275	1,141,493
Bank interest income	–	(32,489)	(76,432)	(108,921)
Allowance for expected credit losses on trade receivables	–	296,034	–	296,034
Reversal of allowance for expected credit losses on trade receivables	–	(16,882)	–	(16,882)
Allowance for expected credit losses on other receivables	–	7,303	–	7,303
Reversal of allowance for expected credit losses on other receivables	–	(156,270)	–	(156,270)
Allowance for expected credit losses on loan receivables	175,333	–	–	175,333
Reversal of allowance for expected credit losses on loan receivables	(2,874,960)	–	–	(2,874,960)
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	6,594,846	1,053,589	–	7,648,435

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2018

	Money lending HK$	Trading 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

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 sales of its major products and provision of services to external customers:

	2019 HK$	2018 HK$
Revenue from money lending	**74,131,590**	46,749,499
Revenue from trading of goods	**835,950,320**	720,857,650
	910,081,910	767,607,149

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	
	2019	2018	**2019**	2018	**2019**	2018
For the year ended 31 March						
Segment revenue	**136,201,812**	53,203,676	**773,880,098**	714,403,473	**910,081,910**	767,607,149
At 31 March						
Non-current assets	**4,017,106**	4,293,812	**767,378**	799,215	**4,784,484**	5,093,027

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

Information about major customers

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

	2019 **HK$**	2018 HK$
Customer A[1]	**139,004,892**	149,764,995
Customer B[1]	**129,069,297**	N/A[2]
Customer C[1]	**98,029,673**	N/A[2]

[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

	2019 HK$	2018 HK$
Bank interest income	**108,921**	60,305
Gain on disposal of subsidiaries (Note 31)	**5,735,111**	–
	5,844,032	60,305

9. FINANCE COSTS

	2019 HK$	2018 HK$
Effective interest expense on bonds (Note 24)	**4,650,000**	4,650,000

10. PROFIT/(LOSS) BEFORE TAX

	2019 HK$	2018 HK$
Auditors' remuneration	**1,300,000**	1,300,000
Cost of inventories recognised as expense	**823,076,956**	711,567,937
Depreciation of property, plant and equipment	**1,199,779**	1,679,571
Exchange (gain)/loss, net	**(781,174)**	585,015
Employee benefit expenses	**14,719,498**	9,439,801
Minimum lease payment under operating leases in respect of land and buildings	**4,206,708**	4,313,312

11. EMPLOYEE BENEFIT EXPENSES

	2019 HK$	2018 HK$
Wages, salaries and other benefits (including directors' remunerations (Note (b))	**14,252,800**	9,006,989
Retirement benefit costs (including directors' remunerations (Note (b)) – defined contribution schemes (Note (a))	**466,698**	432,812
	14,719,498	9,439,801

Notes:

(a) No forfeited contribution was available at the end of the reporting period to reduce future contributions (2018: nil).

(b) Directors' and chief executive's emoluments

The remunerations paid or payable of each to the 7 (2018: 7) directors, including the chief executive, were as follows:

For the year ended 31 March 2019	**Executive directors**			**Non-executive director**	**Independent non-executive directors**			
	Chow Wang* HK$	**Wang Zhaoqing HK$**	**Chu Ka Wa HK$**	**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	–	–	–	250,800	250,800	250,800	250,800	1,003,200
Salaries	1,501,333	701,360	959,420	–	–	–	–	3,162,113
Contributions to retirement benefits schemes	18,000	18,000	18,000	–	–	–	–	54,000
Discretionary bonus (Note)	106,000	58,300	74,200	–	–	–	–	238,500
Total emoluments	1,625,333	777,660	1,051,620	250,800	250,800	250,800	250,800	4,457,813

11. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

notes: (Continued)

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

For the year ended 31 March 2018	Executive directors			Non-executive director	Independent non-executive directors			
	Chow Wang* HK$	Wang Zhaoqing HK$	Chu Ka Wa 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

* Mr. Chow Wang's emoluments disclosed above include those services rendered by him as the Chief Executive Officer.

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 2019 and 2018.

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 2019 and 2018.

No director or the chief executive waived or agreed to waive his emoluments during the two years ended 31 March 2019 and 2018.

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, two (2018: three) were directors and the chief executive of the Company whose emoluments are disclosed in (b) above. The emoluments of the remaining three (2018: two) individuals were as follows:

	2019 HK$	2018 HK$
Wages, salaries and other benefits	**4,208,000**	1,189,863
Employers' contribution to retirement schemes	**54,000**	36,000
	4,262,000	1,225,863

The emoluments were within the following band:

	Number of individuals	
	2019	2018
Nil – HK$1,000,000	**1**	2
HK$1,000,001 – HK$2,000,000	**2**	–

12. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

13. INCOME TAX EXPENSES

	2019 **HK$**	2018 HK$
Current tax:		
– Hong Kong Profits Tax	**6,709,403**	1,348,550
– PRC Enterprise Income Tax	**489,482**	32,502
Deferred tax (Note 25)	**449,550**	(71,530)
	7,648,435	1,309,522

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

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

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:

	2019 **HK$**	2018 HK$
Profit/(loss) before tax	**51,916,329**	(184,398)
Calculated at the rates applicable to loss in the tax jurisdiction concerned	**7,638,295**	(5,183)
Tax effect of income not taxable for tax purpose	**(259,391)**	(354,695)
Tax effect of expenses not deductible for tax purpose	**474,531**	1,559,187
Statutory tax concession	**(205,000)**	–
Tax effect of tax losses not recognised	**–**	110,213
Income tax expenses	**7,648,435**	1,309,522

Details of deferred tax are set out in note 25.

14. EARNINGS/(LOSS) PER SHARE

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

	2019	2018
	HK$	HK$
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**44,271,814**	(1,465,735)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**5,804,316,544**	4,928,214,351

Diluted earnings/(loss) per share were the same as basic earnings/(loss) per share as there were no potential dilutive share in existence during the years ended 31 March 2019 and 2018.

15. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles HK$	Leasehold improvements HK$	Computer equipment HK$	Furniture and fixtures HK$	Total HK$
COST					
At 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 and 1 April 2018	5,412,036	2,683,362	210,145	727,510	9,033,053
Addition	692,164	–	207,521	241,808	1,141,493
Exchange realignment	(53,507)	–	(1,914)	(24,564)	(79,985)
At 31 March 2019	**6,050,693**	**2,683,362**	**415,752**	**944,754**	**10,094,561**
ACCUMULATED DEPRECIATION					
At 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 and 1 April 2018	1,806,279	2,683,362	78,428	391,445	4,959,514
Provided for the year	998,860	–	99,497	101,422	1,199,779
Exchange realignment	(24,919)	–	(428)	(3,558)	(28,905)
At 31 March 2019	**2,780,220**	**2,683,362**	**177,497**	**489,309**	**6,130,388**
CARRYING VALUES					
At 31 March 2019	**3,270,473**	**–**	**238,255**	**455,445**	**3,964,173**
At 31 March 2018	3,605,757	–	131,717	336,065	4,073,539

15. 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
Leasehold improvements	3 years or over the lease term, whichever is shorter
Computer equipment	3 years
Furniture and fixtures	3 years

16. INTEREST IN AN ASSOCIATE

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

	2019 **HK$**	2018 HK$
Cost of investment in an associate	**524,163**	700,000
Share of result for the year	**(146,086)**	(175,837)
	378,077	524,163
Amount due from an associate (Note)	**34,640**	34,640
	412,717	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$2,970,000	HK	23.57%	Provision of esports services

16. 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.

	2019 HK$	2018 HK$
Current assets	**1,278,174**	1,205,105
Non-current assets	**381,633**	636,004
Current liabilities	**(55,680)**	(66,444)
Non-current liabilities	**–**	–
Revenue	**120,690**	24,415
Expenses	**(891,229)**	(619,749)
Loss for the period	**(770,539)**	(595,334)
Other comprehensive income for the period	**–**	–
Total comprehensive expense for the period	**(770,539)**	(595,334)

Reconciled to the Group's interests in the associate:

	2019 HK$	2018 HK$
Gross amount of the net asset of the associate	**1,604,127**	1,774,665
Group's effective interest	**23.57%**	29.54%
Group's share of net assets of the associate	**378,077**	524,163
Amount due from an associate	**34,640**	34,640
Carrying amount in the consolidated financial statement	**412,717**	558,803

17. TRADE RECEIVABLES

	2019 HK$	2018 HK$
Trade receivables	**82,707,321**	29,280,334
Less: Allowance for expected credit losses	**(445,043)**	–
	82,262,278	29,280,334

Trade receivables in relation to trading are having an average credit period of 90 days (2018: 90 days).

17. TRADE RECEIVABLES (CONTINUED)

Movement in the allowances for expected credit losses of trade receivables

Movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the year ended 31 March 2019, are as follows:

	Total HK$
Balance as at 31 March 2018 under HKAS 39	–
Adjustment upon application of HKFRS 9	165,891
Adjusted balance as at 1 April 2018	165,891
Allowance for expected credit losses	296,034
Reversal of allowance for expected credit losses (Note)	(16,882)
Balance as at 31 March 2019	445,043

Note: Reversal of allowance of ECL is due to the Group's recovery of trade receivables.

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

	2019 HK$	2018 HK$
0 – 3 months	82,707,321	29,280,334

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

18. LOAN AND INTEREST RECEIVABLES

	2019 HK$	2018 HK$
Loan receivables		
Secured	381,202,454	39,187,274
Unsecured	89,417,034	318,500,000
	470,619,488	357,687,274
Interest receivables	5,634,007	2,241,330
	476,253,495	359,928,604
Less: Allowance for expected credit losses	(318,803)	–
	475,934,692	359,928,604

18. LOAN AND INTEREST RECEIVABLES (CONTINUED)

Movement in the allowances for expected credit losses of loan receivables

Movement in lifetime ECL that has been recognised for loan receivables in accordance with the general approach set out in HKFRS 9 for the year ended 31 March 2019, are as follows:

Movement in the allowance for expected credit losses of loan receivables:

	12m ECL HK$	Lifetime ECL not credit-impaired HK$	Lifetime ECL credit-impaired HK$	Total HK$
At 1 April 2017 and 31 March 2018	–	–	–	–
Effect arising from adoption of HKFRS 9	3,018,430	–	–	3,018,430
At 1 April 2018	3,018,430	–	–	3,018,430
Allowances for expected credit losses	175,333	–	–	175,333
Reversal of allowance for expected credit losses	(2,874,960)	–	–	(2,874,960)
At 31 March 2019	318,803	–	–	318,803

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

	2019 **HK$**	2018 HK$
Within one year	**469,799,177**	356,667,786
Two to five years	**820,311**	1,019,488
	470,619,488	357,687,274
Carrying amount analysed for reporting purpose:		
Current assets	**475,114,381**	358,909,116
Non-current assets	**820,311**	1,019,488
	475,934,692	359,928,604

18. 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 (2018: 45 days to 5 years). The loans provided to customers bore fixed interest rate ranging from 1% – 2.5% per month (2018: 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.

	2019	2018
	HK$	HK$
Within 90 days	**314,814,705**	198,928,604
91 – 180 days	**100,582,440**	108,000,000
181 – 365 days	**59,518,059**	53,000,000
Over 365 days	**1,019,488**	–
	475,934,692	359,928,604

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 2019 and 2018, 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.

Movement in allowance for ECL that has been recognised for loan and interest receivables under ECL model of HKFRs 9 for the year ended 31 March 2019 was detailed in note 6.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$	HK$
Other receivables (Notes (i) and (iii))	**22,060,811**	41,311,833
Deposit	**2,198,603**	960,515
Prepayments (Note (ii))	**206,887,600**	155,922,830
	231,147,014	198,195,178

Notes:

(i) Included in the balance was advances suppliers and potential suppliers who are independent third parties in the amount of HK$14,687,481 (2018: HK$35,354,445) that are interest-free, unsecured and repayable on demand.

(ii) Included in the balance was prepayment to suppliers of HK$205,946,742 (2018: HK$155,083,656).

(iii) Movement in allowance for ECL that has been recognised for other receivables under ECL model of HKFRS 9 for the year ended 31 March 2019 was detailed in note 6.

20. BANK BALANCES AND CASH

	2019 HK$	2018 HK$
Cash at banks and in hand	**74,664,169**	144,042,321

Cash at banks carries interest at prevailing market rate at 0% to 0.35% for the year ended 31 March 2019 (2018: 0% to 0.35%).

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 balance and cash were denominated in the following currencies:

	2019 HK$	2018 HK$
RMB	**9,315,619**	46,794,727
HKD	**65,263,812**	95,803,601
Others	**84,738**	1,443,993
	74,664,169	144,042,321

21. TRADE AND OTHER PAYABLES

	2019 HK$	2018 HK$
Trade payables (Notes (a) and (b))	**592,272**	899,821
Receipt in advance (Note (d))	**–**	88,771,002
Other payables and accrued charges (Note (c))	**14,361,636**	19,429,270
	14,953,908	109,100,093

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$3,615,430 (2018: HK$5,356,092) that are interest-free, unsecured and repayable on demand.

(d) Upon adoption of HKFRS 15 on 1 April 2018, receipt in advance in relation to trading of commodities of HK$88,771,002 was reclassified to contract liabilities.

22. CONTRACT LIABILITIES

The following provides information about contract liabilities from contract with customers:

	Total HK$
Balance at 1 April 2018, restated	**88,771,002**
Decrease in contract liability as a result of recognising revenues during the year that was included in the contract liabilities at the beginning of the year	**(88,771,002)**
Increase in contract liabilities excluding amounts recognised as revenue during the year	**15,009,993**
Balance at 31 March 2019	**15,009,993**

The contract liabilities represent the Group's obligation to transfer goods for which the Group has received consideration, or for which an amount of consideration is due from customers.

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 2019, the Group has unsecured bonds with aggregate principal of HK$70,000,000 (2018: 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 of 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 of 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:

	2019 **HK$**	2018 HK$
Carrying amount at the beginning of the year	**67,629,000**	66,829,000
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	**68,429,000**	67,629,000
Less: Bonds repayable after one year shown under non-current liabilities	**–**	–
Current portion	**68,429,000**	67,629,000

The Company's bonds carry interest at effective interest rate of 7.22% (2018: 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. In addition, the holders of the Bonds have the early redemption option to request for early redemption after the fourth anniversary of the issue date up to the maturity date. 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.

25. DEFERRED TAX ASSETS

	2019 HK$	2018 HK$
Deferred tax asset	**260,918**	209,642

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

	Allowance for expected credit loss on trade receivables and loan receivables HK$	**Depreciation in excess of the related depreciation allowances** HK$	**Total** HK$
At 1 April 2017	–	138,112	138,112
Credited/(charged) to profit or loss (Note 13)	–	71,530	71,530
At 31 March 2018	–	209,642	209,642
Adoption of HKFRS 9 (Note)	500,826	–	500,826
At 1 April 2018, restated	500,826	209,642	710,468
Credited/(charged) to profit or loss (Note 13)	(447,696)	(1,854)	(449,550)
At 31 March 2019	**53,130**	**207,788**	**260,918**

Note: Upon the adoption of HKFRS 9 "Financial Instrument" on 1 April 2018 an impact of HK$500,826 was recorded as an adjustment to the allowance for expected credit losses as 1 April 2018. Details of adjustment are set out in note 2.

At the end of the reporting period, the Group has unused tax losses of HK$11,926,719 (2018: HK$109,768,437) available for offset against future profits. No deferred tax asset (2018: nil) has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$209,514 (2018: HK$209,514) that will expire in 2020. Other losses may be carried forward indefinitely.

26. SHARE CAPITAL

	2019		2018	
	No. of shares	**Amount HK$**	No. of shares	Total HK$
Authorised:				
Ordinary shares of HK$0.01 each	**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	**5,448,152,160**	**54,481,522**	4,540,126,800	45,401,268
Issue of shares upon shares subscription (Note (i))	**1,000,000,000**	**10,000,000**	908,025,360	9,080,254
At 31 March	**6,448,152,160**	**64,481,522**	5,448,152,160	54,481,522

Note:

(i) On 27 October 2017, 908,025,360 shares were allotted and issued to Yunnan Baiyao Holdings Company Limited ("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.

On 22 November 2018, 1,000,000,000 shares were allotted and issued to Yunnan Baiyao Holdings at the subscription price of HK$0.18 per share, raising total proceeds of HK$178,800,000 net of direct expenses.

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

27. 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.

27. 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 2019 (2018: nil).

There is no outstanding option as at 31 March 2019 (2018: nil).

28. 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:

	2019 **HK$**	2018 HK$
Within one year	**5,796,999**	2,463,657
In the second to fifth years inclusive	**3,629,671**	–
	9,426,670	2,463,657

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.

29. RELATED PARTY TRANSACTIONS

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

	2019 **HK$**	2018 HK$
Short-term employee benefits	**4,457,813**	3,939,000

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.

30. 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$300,396 (2018: HK$164,989).

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$166,302 (2018: HK$82,960).

31. DISPOSAL OF SUBSIDIARIES

Disposal of Jun Qiao

At 31 January 2019, the Group entered into a sale and purchase agreement to dispose of its 60% shareholding in Jun Qiao to an independent third party for a cash consideration of HK$100,000 together with a 30% proportionate sharing of the compensation, after costs, from the legal actions commenced by the Group in seeking to recover the Group's mining assets. Jun Qiao Group was engaged in the sale of mineral products and leasing of mining right. The Disposal was completed on 25 February 2019.

Consideration

	HK$
Total consideration	100,000

The net liabilities of the Jun Qiao Group at the date of disposal were as follows:

	HK$
Current assets	
Other receivables	1,173
Cash and cash equivalents	32,803
Current liabilities	
Amount due to non-controlling shareholders of subsidiaries	(4,375,651)
Other payables	(731,686)
Net liabilities disposed	(5,073,361)

31. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Gain on disposal of a subsidiary

	2019 HK$
Consideration received	100,000
Net liabilities disposed of	5,073,361
Release of exchange difference upon disposal	1,027,801
Non-controlling interests	(466,051)
Gain on disposal	5,735,111

Net cash inflow from disposal of subsidiaries

	2019 HK$
Consideration received in cash and bank balance	100,000
Less: cash and bank balance disposed of	(32,803)
	67,197

32. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(a) Statement of Financial Position

As at 31 March 2019

	2019 HK$	2018 HK$
Non-current assets		
Property, plant and equipment	**2,156,316**	2,139,073
Interests in an associate	**34,640**	34,640
Interests in subsidiaries	**200,860,860**	160,010,760
	203,051,816	162,184,473
Current assets		
Other receivables, deposits and prepayments	**2,868,567**	1,607,787
Amount due from subsidiaries	**544,145,482**	365,771,460
Bank balances and cash	**35,667,366**	73,024,171
	582,681,415	440,403,418
Current liabilities		
Amount due to subsidiaries	**2,060,142**	2,060,142
Other payable	**10,645,102**	13,232,376
Bond	**68,429,000**	67,629,000
	81,134,244	82,921,518
Net current assets	**501,547,171**	357,481,900
Total assets less current liability	**704,598,987**	519,666,373
Net assets	**704,598,987**	519,666,373

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

(a) Statement of Financial Position (Continued)

As at 31 March 2019

	2019 HK$	2018 HK$
Capital and reserves		
Share capital (Note 26)	**64,481,522**	54,481,522
Reserve (Note 32 (b))	**640,117,465**	465,184,851
	704,598,987	519,666,373

The financial statements were approved and authorised for issue by the board of directors on 24 June 2019 and are signed on its behalf by:

Chow Wang
Director

Chu Ka Wa
Director

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

(b) Reserve

	Share premium HK$	Capital redemption reserve HK$	Accumulated losses HK$	Total reserves HK$
At1 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 26)	190,685,326	–	–	190,685,326
At 31 March 2018 and 1 April 2018	**819,478,817**	**176,000**	**(354,469,966)**	**465,184,851**
Profit and total comprehensive income for the year	**–**	**–**	**6,132,614**	**6,132,614**
Issue of shares upon share subscription (Note 26)	**170,000,000**	**–**	**–**	**170,000,000**
Transaction costs attributable to issue of shares	**(1,200,000)**	**–**	**–**	**(1,200,000)**
At 31 March 2019	**988,278,817**	**176,000**	**(348,337,352)**	**640,117,465**

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amount of loans advanced from independent third parties	Amount due to a non-controlling shareholder	Bond	Total
	HK$	HK$	HK$	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
As at 1 April 2018	**5,356,092**	**4,375,651**	**67,629,000**	**77,360,743**
Financing cash flow	**(1,398,624)**	**–**	**(3,850,000)**	**(5,248,624)**
Foreign exchange adjustment	**(342,038)**	**–**	**–**	**(342,038)**
Other non-cash movement	**–**	**–**	**4,650,000**	**4,650,000**
Disposal of subsidiary	**–**	**(4,375,651)**	**–**	**(4,375,651)**
As at 31 March 2019	**3,615,430**	**–**	**68,429,000**	**72,044,430**

34. PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ register capital	Proportion ownership interests held by the Company Directly	Indirectly	Principal activities
Ban Loong Finance Company Limited	Hong Kong	HK$100	100.00% (2018: 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$195,000,000 (2018: HK$160,000,000)	100.00% (2018: 100.00%)	–	Trading of goods and commodities
Wan Long Xing Ye Commercial Trading (Hong Kong) Limited	Hong Kong	HK$100	100.00% (2018: 100.00%)	–	Trading of goods and commodities

Notes:

* The entity is foreign-investment enterprise
\# 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.

As at 31 March 2019, the Group has no subsidiary with material non-controlling interest hence no separate disclosure of its financial information.

35. 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.

Upon the First Civil Ruling coming to its knowledge and attention, the Company has immediately instructed its PRC legal advisers to investigate into the factual circumstances, the claims of the plaintiff and the merits of the case. Subject to further legal advice to be obtained by the Group, the Group currently intends to commence legal actions in the PRC to defend the Group's position and to uphold the Group's legitimate interest and control over its 90% equity interest in Yin Di Mining and the Mining License. Pending further investigation into the factual circumstances and the merits of the case and the obtaining of further legal advice, the Company is currently not in the position to make any pre-mature assessment on the potential impact of the First Civil Ruling on the operations and financial position of the Group.

During the year ended 31 March 2019, the Group disposed of its 60% shareholding in Jun Qiao Limited, thereby effectively disposing of the Group's right to recover Yin Di Mining in return of a cash payment plus an outcome sharing adjustment. The disposal was completed on 25 February 2019.

35. LITIGATION (CONTINUED)

(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):

"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 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.

35. LITIGATION (CONTINUED)

(b) (Continued)

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.

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.

Upon the Second Civil Judgment coming to its knowledge and attention, the Company has immediately instructed its PRC legal advisers to investigate into the factual circumstances as to how the matter might have arisen in the first place and how the legal action could be commenced, tried, compromised and decided without the Group's knowledge whatsoever. Subject to the further legal advice to be obtained by the Group, the Group currently intends to commence legal actions in the PRC to defend the Group's position and to uphold the Group's legitimate interest and control over its 90% equity interest in Yin Di Mining and the Mining License. In addition, the Company may also consider filing criminal complaints with the relevant law enforcement authorities 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. Pending further investigation into the factual circumstances and the obtaining of further legal advice, the Company is currently not in the position to make any final assessment on the impact of the Second Civil Judgment on the operations and financial position of the Group.

The Group has now filed criminal complaints with the relevant PRC law enforcement authorities about suspected conspiracy of fraud, false litigation and suspected use of forged documents during the course of the obtaining of the Second Civil Judgment and the Enforcement Order. During the year ended 31 March 2019, the Group disposed of its 60% shareholding in Jun Qiao Limited, thereby effectively disposing of the Group's right to recover Yin Di Mining in return of a cash payment plus an outcome sharing adjustment. The disposal was completed on 25 February 2019.

36. EVENTS AFTER THE REPORTING PERIOD

On 10 May 2019, Wan Long Xing Ye Commercial Trading (Hong Kong) Limited ("Wan Long Xing Ye HK"), a wholly-owned subsidiary of the Company, entered into a supply agreement with Yunnan Baiyao Group Yunfeng Import & Export Trading Co., Ltd ("Yunfeng I&E Trading"), an indirect wholly-owned subsidiary of Yunnan Baiyao Group Co., Ltd, regarding the supply of plant extracts and the provision of ancillary testing, logistics, import and export and related services as part of the Group's ordinary and usual course of business.

The ongoing supplies of plant extracts and ancillary services by Yunfeng I&E Trading to Wan Long Xing Ye HK under the supply agreement constitute continuing connected transactions for the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The annual caps of the transaction values under the supply agreement are HK$38,000,000 for each of the three financial years ending 31 March 2020, 2021 and 2022, respectively.

For further details, please refer to the Company's announcement dated 10 May 2019.

37. COMPARATIVE INFORMATION

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods, comparative information is not restated.

38. APPROVAL AND AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2019.

FIVE-YEAR FINANCIAL SUMMARY

	2015 HK$'000	2016 HK$'000 (restated)	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Revenue	56,404	(116,374)	299,259	767,607	**910,082**
(Loss)/profit before tax	(117,981)	(41,427)	(196,424)	(184)	**51,916**
Taxation charge	–	(940)	(2,661)	(1,310)	**(7,648)**
(Loss)/profit after tax	(117,981)	(42,367)	(199,085)	(1,494)	**44,268**
(Loss)/profit attributable to shareholders	(82,292)	(33,538)	(197,882)	(1,466)	**44,272**
(Loss)/earnings attributable to shareholders per share	(4.63) HK cents	(1.45) HK cents	(6.04) HK cents	(0.03) HK cents	**0.76 HK cents**
ASSETS AND LIABILITIES					
Total assets	605,318	603,904	460,938	737,703	**868,646**
Current liabilities	(38,910)	(24,425)	(116,616)	(181,108)	**(103,691)**
Total assets less current liabilities	566,408	579,479	344,322	556,595	**764,955**
Shareholders' fund	296,788	326,166	344,729	556,132	**764,030**
Provision for reinstatement costs, deferred tax liabilities, bonds and convertible bonds	143,195	145,531	66,829	67,629	**68,429**
Funds employed	439,983	471,697	411,558	623,761	**832,459**
Return on average shareholders' fund (%)	(25.8)	(10.8)	(574)	(2.6)	**5.8**
Dividends per share	–	–	–	–	**–**