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雲白國際有限公司
YNBY International Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 00030)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the “Board”) of directors (the “Directors”) of YNBY International Limited (formerly known as Ban Loong Holdings Limited) (the “Company”) hereby announces that the consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of financial position of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March

	<i>Note</i>	2022 HK\$	2021 HK\$ (restated)
Revenue	4	179,527,751	1,216,714,366
Cost of sales		<u>(175,180,018)</u>	<u>(1,120,319,204)</u>
Gross profit		4,347,733	96,395,162
Other income, gains and losses		(19,025,860)	(83,223,650)
Net allowance for expected credit losses		(1,043,369,958)	(11,375,238)
Impairment on investment in an associate		–	(214,289)
Selling and distribution costs		(3,742,403)	(2,418,259)
Administrative expenses		<u>(48,239,948)</u>	<u>(45,828,578)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)*For the year ended 31 March*

	<i>Notes</i>	2022 HK\$	2021 HK\$ (restated)
Loss from operations		(1,110,030,436)	(46,664,852)
Finance costs	7	(3,850,678)	(6,467,666)
Share of loss of an associate		<u>—</u>	<u>(13,961)</u>
Loss before tax	6	(1,113,881,114)	(53,146,479)
Income tax expenses	9	<u>(3,438,843)</u>	<u>(8,209,865)</u>
Loss for the year		<u>(1,117,319,957)</u>	<u>(61,356,344)</u>
Attributable to:			
Owners of the Company		(1,117,313,589)	(61,359,363)
Non-controlling interests		<u>(6,368)</u>	<u>3,019</u>
		<u>(1,117,319,957)</u>	<u>(61,356,344)</u>
Loss per share			
Basic and diluted (HK cents per share)	10	<u>(17.33)</u>	<u>(0.95)</u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March

	2022	2021
	HK\$	HK\$
		(restated)
Loss for the year	<u>(1,117,319,957)</u>	<u>(61,356,344)</u>
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>10,778,900</u>	<u>16,048,429</u>
Total comprehensive loss for the year	<u>(1,106,541,057)</u>	<u>(45,307,915)</u>
Attributable to:		
Owners of the Company	<u>(1,106,534,689)</u>	<u>(45,310,934)</u>
Non-controlling interests	<u>(6,368)</u>	<u>3,019</u>
	<u>(1,106,541,057)</u>	<u>(45,307,915)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	<i>Notes</i>	2022 HK\$	2021 HK\$ (restated)
Non-current assets			
Property, plant and equipment		1,293,910	2,361,718
Investment in an associate		–	–
Loan receivables	12	–	303,191
Right-of-use assets		8,420,877	15,072,472
Deferred tax assets		–	2,167,191
		9,714,787	19,904,572
Current assets			
Inventories		6,794,775	16,343,625
Trade receivables	11	47,924,068	7,561,423
Loan and interest receivables	12	–	529,709,844
Other receivables, deposits and prepayments		50,474,666	602,312,870
Amount due from a shareholder		–	15,535,030
Tax recoverable		2,983,104	–
Cash and cash equivalents		203,861,996	251,236,954
		312,038,609	1,422,699,746
Current liabilities			
Trade and other payables	13	58,439,651	28,186,258
Contract liabilities		37,697,717	33,866,293
Lease liabilities		5,225,728	8,186,810
Amount due to a shareholder		61,235	–
Bonds		–	19,954,171
Current tax liabilities		–	10,091,657
Convertible bond		13,761,441	11,814,276
		115,185,772	112,099,465
Net current assets		196,852,837	1,310,600,281
Total assets less current liabilities		206,567,624	1,330,504,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March

	2022	2021
	HK\$	HK\$
		(restated)
Non-current liabilities		
Convertible bond	–	13,761,441
Lease liabilities	<u>3,390,906</u>	<u>7,025,637</u>
	<u>3,390,906</u>	<u>20,787,078</u>
NET ASSETS	<u>203,176,718</u>	<u>1,309,717,775</u>
Capital and reserves		
Share capital	64,481,522	64,481,522
Reserves	<u>137,778,336</u>	<u>1,244,313,025</u>
Equity attributable to owners of the Company	202,259,858	1,308,794,547
Non-controlling interests	<u>916,860</u>	<u>923,228</u>
TOTAL EQUITY	<u>203,176,718</u>	<u>1,309,717,775</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company is incorporated in Bermuda with limited liability. The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is at Room 2709-10, 27/F., China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Yunnan Baiyao Group Co., Limited ("Yunnan Baiyao Group") is the controlling shareholder of the Company.

The principal activity of the Company is investment holding. The Group is principally engaged in trading of goods and commodities and money lending business.

Referring to the announcements of the Company dated 26 July 2022 and 15 November 2023 respectively, the Company has been notified by the Stock Exchange of the resumption guidance (the "Resumption Guidance") for the Company including (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications, (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules, (iii) conduct an appropriate independent forensic investigation, announce the findings and take appropriate remedial actions, (iv) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence, (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules, (vi) announce all material information for the Company's shareholders and investors to appraise its position and (vii) re-comply with Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2022 but are extracted from those financial statements.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of convertible bond which is carried at its fair value. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

3. BASIS OF PREPARATION (Continued)

Prior year adjustments

During the finalisation of the consolidated financial statements of the Group of the year ended 31 March 2022, the management has carried out a reassessment and identified certain adjustments in the consolidated financial statements of prior years. The effect of the prior year adjustments in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021 is set out below:

	<i>Notes</i>	Year ended 31 March 2021 HK\$ (Previously reported)	Prior year adjustments HK\$	Year ended 31 March 2021 HK\$ (Restated)
Revenue		1,216,714,366	–	1,216,714,366
Cost of sales		<u>(1,120,319,204)</u>	–	<u>(1,120,319,204)</u>
Gross profit		96,395,162	–	96,395,162
Other income and gain	(a)	1,713,658	(84,937,308)	(83,223,650)
Net allowance for ECL		(11,375,238)	–	(11,375,238)
Share of result of an associate		(13,961)	–	(13,961)
Selling and distribution expenses		(2,418,259)	–	(2,418,259)
Impairment on investment in an associate		(214,289)	–	(214,289)
General and administrative expenses		(45,828,578)	–	(45,828,578)
Finance cost	(a)	<u>(18,023,964)</u>	<u>11,556,298</u>	<u>(6,467,666)</u>
Profit/(loss) before tax		20,234,531	(73,381,010)	(53,146,479)
Income tax expenses	(a)	<u>(7,024,278)</u>	<u>(1,185,587)</u>	<u>(8,209,865)</u>
Profit/(loss) for the year		<u>13,210,253</u>	<u>(74,566,597)</u>	<u>(61,356,344)</u>
Other comprehensive income for the year				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translating foreign operations		<u>16,048,429</u>	–	<u>16,048,429</u>
Other comprehensive income for the year		<u>16,048,429</u>	–	<u>16,048,429</u>
Total comprehensive income/(expenses) for the year		<u>29,258,682</u>	<u>(74,566,597)</u>	<u>(45,307,915)</u>
Profit/(loss) for the year attributable to:				
Owners of the Company		13,207,234	(74,566,597)	(61,359,363)
Non-controlling interests		3,019	–	3,019
Total comprehensive income/(expenses) for the year attributable to:				
Owners of the Company		29,255,663	(74,566,597)	(45,310,934)
Non-controlling interests		<u>3,019</u>	–	<u>3,019</u>
Earnings/(loss) per share				
Basic and diluted (HK cents)		<u>0.20</u>	<u>(1.15)</u>	<u>(0.95)</u>

3. BASIS OF PREPARATION (Continued)

Prior year adjustments (Continued)

The effect of the adjustments in the respective line items of the consolidated financial positions of the Group as at 31 March 2021 is as follows:

	<i>Notes</i>	As at 31 March 2021 HK\$ (Previously reported)	Prior year adjustments HK\$	As at 31 March 2021 HK\$ (Restated)
Non-current liabilities				
Convertible bond	(a)	478,709,119	(453,133,402)	25,575,717
Deferred tax liabilities	(a)	<u>4,505,234</u>	<u>(4,505,234)</u>	<u>–</u>
		<u>483,214,353</u>	<u>(457,638,636)</u>	<u>25,575,717</u>
Total effects on net assets		<u>852,079,139</u>	<u>457,638,636</u>	<u>1,309,717,775</u>
Total effects on equity		<u>852,079,139</u>	<u>457,638,636</u>	<u>1,309,717,775</u>
Total effects on convertible bond reserves		<u>22,091,476</u>	<u>532,205,233</u>	<u>554,296,709</u>
Total effects on accumulated losses		<u>(225,720,985)</u>	<u>(74,566,597)</u>	<u>(300,287,582)</u>

- a. To adjust recognition of convertible bond in proper classification and valuation

The adjustment is to recognise convertible bond issued on 30 October 2020 in proper classification between liabilities and equity portion and valuation. The corresponding impact on convertible bond, convertible bond reserve, loss on initial recognition of convertible bond and finance cost have been adjusted accordingly.

There are no effects of restatements on the consolidated statement of financial position as at 1 April 2020.

4. REVENUE

	2022 HK\$	2021 HK\$
Money lending	482,522	87,780,178
Trading of goods and commodities	<u>179,045,229</u>	<u>1,128,934,188</u>
Total	<u>179,527,751</u>	<u>1,216,714,366</u>

4. REVENUE (Continued)

Disaggregation of revenue from contracts with customers:

Segments	2022 HK\$	2021 HK\$
Geographical markets		
Hong Kong	154,387,451	310,509,088
The People's Republic of China	24,761,362	903,447,879
Others	378,938	2,757,399
Total	<u>179,527,751</u>	<u>1,216,714,366</u>
Timing of revenue recognition		
At a point in time	179,045,229	1,128,934,188
Over time	482,522	87,780,178
Total	<u>179,527,751</u>	<u>1,216,714,366</u>

Financing services

The Group provides money lending service to the customers. Money lending income is recognised when the related service is rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

General trading

The Group sells CBD isolate, goods and other commodities to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

5. SEGMENT INFORMATION

Information reported to the executive directors and senior management, being the chief operating decision maker ("CODM"), the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

In previous years, the Group reported its primary segment information based on three major operating and reportable segments including (i) money lending; (ii) trading of goods and commodities; and (iii) trading of CBD isolate.

During the current year, management has changed the presentation of the information reported to the CODM, due to the scale down of trading of CBD isolate as a result of the tighten regulations of CBD products in the world and for a more meaningful presentation of its business operations, consistent with the Group's long-term strategy and for the purpose of allocating resources to the segments and assessing the performance of the segments. The information reported to CODM in respect of the Group's business is based on the operating and reportable segments mentioned below.

5. SEGMENT INFORMATION (Continued)

In compliance with the requirement of HKFRS 8 “Operating Segments”, the change of the presentation of the information reported to CODM has led to change in the segment report for prior period. The Group is now organised into the two operating and reportable segments as (i) money lending; and (ii) trading of goods and commodities.

(a) Segment revenue and results

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

	Money lending <i>HK\$</i>	Trading of goods and commodities <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31 March 2022			
Revenue			
External sales	<u>482,522</u>	<u>179,045,229</u>	<u>179,527,751</u>
Segment result	<u>(469,368,817)</u>	<u>(609,368,425)</u>	<u>(1,078,737,242)</u>
Year ended 31 March 2021			
Revenue			
External sales	<u>87,780,178</u>	<u>1,128,934,188</u>	<u>1,216,714,366</u>
Segment result	<u>73,513,121</u>	<u>(1,039,369)</u>	<u>72,473,752</u>
		2022	2021
		<i>HK\$</i>	<i>HK\$</i>
			(restated)
Segment result		(1,078,737,242)	72,473,752
Unallocated income, gains and losses		(641,010)	1,393,690
Unallocated expenses		<u>(30,652,184)</u>	<u>(120,532,294)</u>
Loss from operations		(1,110,030,436)	(46,664,852)
Finance costs		(3,850,678)	(6,467,666)
Share of loss of an associate		<u>–</u>	<u>(13,961)</u>
Loss before tax		(1,113,881,114)	(53,146,479)
Income tax expenses		<u>(3,438,843)</u>	<u>(8,209,865)</u>
Loss for the year		<u>(1,117,319,957)</u>	<u>(61,356,344)</u>

5. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the (loss incurred)/profit earned from each segment without allocation of certain items, mainly comprising interest revenue, depreciation, central administration costs, directors' and chief executives' salaries, finance costs and share of loss of an associate. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	Money lending <i>HK\$</i>	Trading of goods and commodities <i>HK\$</i>	Total <i>HK\$</i>
As at 31 March 2022			
Segment assets	8,056,510	193,780,212	201,836,722
Unallocated assets			<u>119,916,674</u>
			<u><u>321,753,396</u></u>
Segment liabilities	(440,022)	(87,480,973)	(87,920,995)
Unallocated liabilities			<u>(30,655,683)</u>
			<u><u>(118,576,678)</u></u>
As at 31 March 2021 (restated)			
Segment assets	614,186,861	658,361,505	1,272,548,366
Unallocated assets			<u>170,055,952</u>
			<u><u>1,442,604,318</u></u>
Segment liabilities	(9,054,701)	(57,157,800)	(66,212,501)
Unallocated liabilities			<u>(66,674,042)</u>
			<u><u>(132,886,543)</u></u>

5. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

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

- all assets are allocated to reportable and operating segments other than certain property, plant and equipment, certain right-of-use assets, investment in an associate, certain other receivables, deposits and prepayments and certain bank balances and cash which are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, convertible bond, bonds and certain lease liabilities which are managed on a group basis.

(c) Other segment information

	Money lending <i>HK\$</i>	Trading of goods and commodities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31 March 2022				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	37,401	537,760	416,963	992,124
Depreciation of right-of-use assets	499,653	1,593,325	6,636,862	8,729,840
Additions to non-current assets (Note)	47,891	2,315,451	998	2,364,340
Bank interest income	–	4,474	37,911	42,385
Allowance for ECL on trade receivables	–	13,529,676	–	13,529,676
Reversal of allowance for ECL on trade receivables	–	(25,837)	–	(25,837)
Allowance for ECL on other receivables	–	563,979,530	–	563,979,530
Reversal of allowance for ECL on other receivables	–	(1,082,767)	–	(1,082,767)
Allowance for ECL on loan and interest receivables	<u>466,969,356</u>	<u>–</u>	<u>–</u>	<u>466,969,356</u>

5. SEGMENT INFORMATION (Continued)
(c) Other segment information (Continued)

	Money lending <i>HK\$</i>	Trading of goods and commodities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31 March 2021				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	65,855	509,909	714,174	1,289,938
Depreciation of right-of-use assets	502,447	1,636,947	7,040,665	9,180,059
Additions to non-current assets (Note)	1,062,062	2,982,017	7,257,474	11,301,553
Bank interest income	–	16,696	126,179	142,875
Allowance for ECL on trade receivables	–	24,787	–	24,787
Reversal of allowance for ECL on trade receivables	–	(235,372)	–	(235,372)
Allowance for ECL on other receivables	366	770,890	–	771,256
Allowance for ECL on loan receivables	11,153,999	–	–	11,153,999
Reversal of allowance for ECL on loan receivables	<u>(339,432)</u>	<u>–</u>	<u>–</u>	<u>(339,432)</u>

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

5. SEGMENT INFORMATION (Continued)

(d) Geographic information

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

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

	Revenue		Non-current assets	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Hong Kong	154,387,451	310,509,088	7,598,525	18,766,325
PRC (excluding Hong Kong)	24,761,362	903,447,879	2,116,262	1,138,247
Others	<u>378,938</u>	<u>2,757,399</u>	<u>-</u>	<u>-</u>
Consolidated total	<u>179,527,751</u>	<u>1,216,714,366</u>	<u>9,714,787</u>	<u>19,904,572</u>

(e) Revenue from major customers:

	2022 HK\$	2021 HK\$
Customer A ¹	90,675,705	675,656,836
Customer B ¹	<u>62,649,435</u>	<u>N/A²</u>

¹ Revenue from trading of goods and commodities.

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

³ Customer A and Customer B were independent third party.

6. LOSS BEFORE TAX

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

	2022	2021
	HK\$	HK\$
Auditors' remuneration	1,500,000	1,100,000
Cost of inventories sold	175,180,018	1,120,319,204
Depreciation of right-of-use assets	8,729,840	9,180,059
Depreciation of property, plant and equipment	992,124	1,289,938
Gain on disposal of property, plant and equipment	–	(177,905)
Allowance for ECL on trade receivables	13,529,676	24,787
Reversal of allowance for ECL on trade receivables	(25,837)	(235,372)
Allowance for ECL on other receivables	563,979,530	771,256
Reversal of allowance for ECL on other receivables	(1,082,767)	–
Allowance for ECL on loan receivables	466,969,356	11,153,999
Reversal of allowance for ECL on loan receivables	–	(339,432)
Employee benefit expenses	16,896,725	15,614,480
Expenses relating to short-term lease	200,400	196,800

7. FINANCE COSTS

	2022	2021
	HK\$	HK\$
		(restated)
Interest on lease liabilities	400,653	562,518
Interest expenses		
– Effective interest expense on bonds	264,301	4,262,500
– Effective interest expense on convertible bond	3,185,724	1,642,648
	3,850,678	6,467,666

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

9. INCOME TAX EXPENSES

	2022	2021
	HK\$	HK\$
		(restated)
Current tax		
– Hong Kong Profits Tax	–	9,765,494
– Enterprise Income Tax in the PRC	40,375	251,608
Deferred tax	2,167,191	(1,807,237)
Under provision in prior years	1,231,277	–
	<u>3,438,843</u>	<u>8,209,865</u>

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

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

10. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on the loss for the year ended 31 March 2022 attributable to the owners of the Company of HK\$1,117,313,589 (2021 (restated): HK\$61,359,363) and on the weighted average number of 6,448,152,160 ordinary shares (2021: 6,448,152,160 ordinary shares).

Diluted loss per share

As the exercise of the Group’s outstanding convertible bonds for both years would be anti-dilutive and there was no dilutive potential ordinary shares for the Company’s outstanding options, no diluted earnings per share was presented as same as basic loss per share in both years ended 31 March 2022 and 2021.

11. TRADE RECEIVABLES

	2022	2021
	HK\$	HK\$
Trade receivables	61,437,606	7,586,210
Less: Allowance for ECL	(13,513,538)	(24,787)
	<u>47,924,068</u>	<u>7,561,423</u>

Trade receivables are granted an average credit period of 90 days (2021: 90 days).

11. TRADE RECEIVABLES (Continued)

The ageing analysis of trade receivables (before allowance for ECL) is as follows:

	2022	2021
	HK\$	HK\$
0 to 90 days	47,785,097	7,586,210
91 to 180 days	138,971	–
181 to 365 days	12,741,902	–
Over 365 days	771,636	–
	<u>61,437,606</u>	<u>7,586,210</u>

12. LOAN AND INTEREST RECEIVABLES

	2022	2021
	HK\$	HK\$
Loan receivables		
– Secured	274,262,968	279,922,283
– Unsecured	204,579,999	258,191,586
	<u>478,842,967</u>	<u>538,113,869</u>
Interest receivables	–	3,772,777
Provision for loss allowance	(478,842,967)	(11,873,611)
Carrying amount	<u>–</u>	<u>530,013,035</u>

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

	2022	2021
	HK\$	HK\$
Overdue	478,842,967	–
Within one year	–	537,810,678
Two to five years	–	303,191
	<u>478,842,967</u>	<u>538,113,869</u>
Gross amount analysed for reporting purpose:		
Current assets	478,842,967	537,810,678
Non-current assets	–	303,191
	<u>478,842,967</u>	<u>538,113,869</u>

12. 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 3 months to 5 years (2021: 3 months to 5 years). The loans provided to customers bore fixed interest rate ranging from 1% – 2.4% (2021: 1% – 2.4%) per month, depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid on monthly basis while the principal amounts are repayable on maturity.

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

	2022	2021
	HK\$	HK\$
Within 90 days	–	169,410,827
91–180 days	–	112,377,087
181–365 days	–	157,423,447
Over 365 days	–	90,801,674
	<u>–</u>	<u>90,801,674</u>
	<u>–</u>	<u>530,013,035</u>

13. TRADE AND OTHER PAYABLES

	2022	2021
	HK\$	HK\$
Trade payables (<i>Note</i>)	26,432,024	15,536,915
Other payables and accrued charges	32,007,627	12,649,343
	<u>58,439,651</u>	<u>28,186,258</u>

Note: The credit period for trade payables ranging from 45 to 180 days (2021: 45 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

13. TRADE AND OTHER PAYABLES (Continued)

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

	2022	2021
	HK\$	HK\$
0 to 30 days	26,359,755	9,157,356
31 to 60 days	–	5,014,980
61 to 90 days	65,221	1,364,579
Over 90 days	7,048	–
	<u>26,432,024</u>	<u>15,536,915</u>

14. EVENTS AFTER THE REPORTING PERIOD

As refer to the announcement made by the Company on 11 October 2023, the Company's English name changed from "Ban Loong Holdings Limited" to "YNBY International Limited" and changed its Chinese name from "萬隆控股集團有限公司" to "雲白國際有限公司", with effect from 5 October 2023.

As refer to the announcement made by the Company on 13 October 2023, the Company resolved to change its financial year end from 31 March to 31 December. The first financial year end date of the Company after the change will be 31 December 2023 and its respective consolidated financial statements of the Company will be for the period nine months from 1 April 2023 to 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

BUSINESS REVIEW

The Group's operations are divided into two identifiable business segments, namely, the money lending segment and the trading of goods and commodities segment. The money lending segment refers to the money lending business in Hong Kong which is conducted by Ban Loong Finance Company Limited ("Ban Loong Finance"), a wholly-owned subsidiary of the Company which is a licensed money lender in Hong Kong. The trading of goods and commodities segment refers to (i) e-commerce trading business and (ii) raw materials trading business for healthcare products which includes the sourcing of packaging materials, pharmacy and cosmetics CBD isolates, plant extracts, etc. and then reselling of the products to the PRC corporate customers that are engaged in the manufacturing of cosmetics and healthcare products and the respective packaging materials.

Money lending segment

For the year ended 31 March 2022 ("2021/22"), the money lending segment reported revenue of approximately HK\$0.5 million, a significant decrease from the HK\$87.8 million reported for the year ended 31 March 2021 ("2020/21"). This segment also reported a segment loss of HK\$469.4 million for 2021/22, contrasting with the segment profit of HK\$73.5 million recognised for 2020/21.

The revenue generated from the money lending segment represented approximately 0.27% of the Group's total revenue for 2021/22, down from 7.21% for 2020/21. This notable decrease in revenue was primarily attributable to scaling down of operations in this segment.

The reported loss in the money lending segment was mainly due to the net allowance for Expected Credit Losses ("ECL") on loan and interest receivables, which amounted to HK\$467.0 million for 2021/22, significantly higher than the HK\$10.8 million reported for 2020/21.

As required under Hong Kong Financial Reporting Standard 9 Financial Instruments, the Group performed impairment assessment under ECL model on loan and interest receivables as at 31 March 2022. Key inputs used for measuring the ECL are the probability of default, the magnitude of the loss if there is default and the exposure of the Group at default.

Up to the date of this announcement, all of the outstanding loans were overdue. Although the Company had fully made provision over the overdue loans, the Group had already taken legal actions against certain debtors and/or their guarantors to recover the overdue loans.

Trading of goods and commodities segment

The trading of goods and commodities segment was mainly consisted of the e-commerce trading business and raw material trading business.

The Group's e-commerce trading business was mainly operated for selling products bearing third-party brands, which are sourced and procured from famous online platforms, such as VIP.com, JD.com and Tmall, etc. The Company constantly communicates with its customers, being mainly the e-commerce trading platforms, to understand their demand of products. In the meantime, the Company reviews its inventory and/or seeks quotations from its extensive network of suppliers, and may place purchase orders according to suitable market situations, which are nevertheless constantly changing, within the context of the Company's supply capabilities. Once a receipt of order from the Company's customers is confirmed, the Company will (i) assure supply quantity and quality, from existing inventories and/or from a number of different suppliers; (ii) arrange for respective payments to the suppliers where appropriate; (iii) use own or third-party warehouse to receive the ordered goods from the Company's suppliers, and deploy own team or appoint third party to conduct quality inspection; (iv) facilitate the delivery of the products to the Company's customers; (v) arrange the products to go through customs inspection and clearance where appropriate; (vi) facilitate relevant customers services including but not limited to after-sales services; (vii) cooperate with business partners and formulate further marketing and sales of relevant products, and monitor the sales trend for such products; and (viii) the Company usually receives the payments from the e-commerce platforms within the credit period on each sales after the delivery of ordered goods. Learning from the past experiences and by recruiting new management team and members, the Group's trading teams possessed better understanding on the market on the branded cosmetic and healthcare products, assisting the management's sourcing decision which was beneficial to the Group's profitability.

The Group commenced its hemp CBD raw materials trading and CBD isolate business in 2019. As a natural expansion of its CBD trading business, the Group has been engaged in the sourcing of raw materials for manufacturing since early 2022, which involved the supply of other plant extracts and raw materials for cosmetics and healthcare products, including packaging materials, sorbitol, steviol glycoside, lauric acid, CBD materials, glycerin etc. to existing and potential customers in the healthcare and cosmetics industry. As a modest extension of the services previously offered by the Group, the Group no longer passively source products required by its customers, but take on a more active role in serving its existing and potential customers in respect of their supply chain. In view of the growth of demand for healthcare products and the knowledge and experience of the Group's management team on sourcing of raw materials of healthcare products, the management was confident that the trading of raw materials of healthcare products would provide a contribution to the Group's profitability.

For 2021/22, the Group's trading of goods and commodities segment recorded a total revenue of approximately HK\$179.0 million (2020/21: HK\$1,128.9 million). The decrease of revenue was primarily attributable by the suspension on operation of Wan Long Shenzhen during the year.

PROSPECTS

According to General Administration of Customs of People's Republic of China, China's cross-border e-commerce imports and exports climbed 15% year-on-year to RMB1.98 trillion in 2021. The scale of the cross-border e-commerce market with expected growth in the coming years provides great opportunities for the e-commerce trading business of the Group. The management will continuously strengthen the sourcing network and the understanding on the market trend, taking better advantages of market opportunities from China.

GENERAL AND ADMINISTRATIVE EXPENSES

For 2021/22, the Group's general and administrative expenses (which mainly comprises legal and professional fees, staff salaries, directors' fees and depreciation of right-of-use assets) amounted to approximately HK\$48.2 million (2020/21: HK\$45.8 million), represented a slightly increase of 5.2%. The increase was principally due to the increase in staff costs from HK\$15.6 million in 2020/21 to HK\$16.9 million.

FINANCE COSTS

For 2021/22 and 2020/21 (restated), finance costs of approximately HK\$3.9 million and HK\$6.5 million were incurred respectively. This reduction was primarily attributable to a decrease in interest payments from HK\$4.3 million for 2020/21 (restated) to HK\$0.3 million for 2021/22 in respect of the bonds. This decrease in interest payments was a result of the full repayment of these bonds during the reporting period, which left an outstanding balance of HK\$20 million as of 31 March 2022.

INCOME TAX EXPENSES

For 2021/22, income tax expenses of HK\$3.4 million (2020/21 (restated): HK\$8.2 million) were incurred. The decrease in the income tax expenses was principally due to the adjusted loss generated from the money lending segment for 2021/22. Among these, a deferred tax expenses of HK\$2.2 million (2020/21 (restated): deferred tax credits of HK\$1.8 million) was recognised for 2021/22.

LOSS PER SHARE

For 2021/22, the basic and diluted loss per share amounted to 17.33 HK cents, as compared to the basic and diluted loss per share of 0.95 HK cents in 2020/21 (restated), mainly resulted from the decrease in gross profit and the increase in net allowance for expected credit losses.

FINANCIAL POSITION

The shareholders' equity decreased from approximately HK\$1,309.7 million as at 31 March 2021 (restated) to approximately HK\$203.2 million as at 31 March 2022. Total assets decreased by 77.7% from approximately HK\$1,442.6 million as at 31 March 2021 to approximately HK\$321.8 million as at 31 March 2022 which was mainly due to the net allowance for ECL of HK\$1,043.4 million for 2021/22.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group's cash and cash equivalents amounted to HK\$203.9 million (31 March 2021: HK\$251.2 million). As at 31 March 2022, the Group had a convertible bond with carrying amount of HK\$13.8 million (31 March 2021 (restated): HK\$25.6 million) with coupon rate of 3% per-annum. The interest expenses for the year are calculated by applying an effective interest rate of 37.30% to the liability component for 2-year period since the convertible bond were issued. The gearing ratio of the Group is 6.8% as at 31 March 2022 (31 March 2021 (restated): 3.5%), which is calculated by the total interest-bearing borrowings divided by the net assets of the Group.

FINAL DIVIDEND

The board (the "Board") of the directors (the "Directors") of the Company did not propose a final dividend for 2021/22 (2020/21: HK\$NIL).

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 31 March 2022, the total number of issued ordinary shares (the “Shares”) of the Company was 6,448,152,160 shares (31 March 2021: 6,448,152,160 shares).

In October 2020, the Company issued a convertible bond to Yunnan Baiyao Group with a principal of HK\$500 million (net proceeds of HK\$498 million) (the “Subscription”) in order to provide financial resources for exploring opportunities to diversify the businesses. 1,937,984,496 ordinary shares of nominal value of HK\$0.01 per share could be converted and issued at conversion price of HK\$0.258 per share upon maturity. Please refer to the circular of the Company dated 11 September 2020 for further details. As at 31 March 2022, approximately HK\$396 million of the Subscription proceeds had been used from the date of Subscription in accordance with its intended use as stated in the circular of the Company dated 11 September 2020 (for further details in relation to the use of proceeds, please refer to the breakdown set out in the paragraph below), and the unused balance of the Subscription proceeds was approximately HK\$102 million.

	Planned use of proceeds	Utilised amount up to 31 March 2022	Difference between the planned allocation net proceeds and actual usage of the net proceeds	Unused balance from the net proceeds as at 31 March 2022
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i> (Note 1)	<i>HK\$' million</i> (Note 2)
Expansion of existing trading business in cosmetics and personal care products	100	100	–	–
Expansion of CBD-based cosmetics and personal care product trading business	90	58	(32)	15
Purchase of CBD isolate inventory for trading purpose	20	15	–	5
Setting up of hemp cultivation and extraction and trading	70	–	–	70
Expansion of CBD-related target business	40	–	(13)	27
Expansion of existing money lending business	50	43	(7)	–

	Planned use of proceeds <i>HK\$' million</i>	Utilised amount up to 31 March 2022 <i>HK\$' million</i>	Difference between the planned allocation net proceeds and actual usage of the net proceeds <i>HK\$' million</i> (Note 1)	Unused balance from the net proceeds as at 31 March 2022 <i>HK\$' million</i> (Note 2)
Repayment of bonds issued by the Company in 2014	70	70	–	–
Repayment of interests derived from the Convertible Bonds	–	28	28	–
General working capital	58	82	24	–
Total	498	396	–	102

Note 1

In light of the recent changes in the government policies with respect to the public discussion on ban of CBD products in Hong Kong and the overall market environment, the Company has reallocated its net proceeds from “expansion of CBD-based cosmetics and personal care product trading business” to “Repayment of interests derived from the Convertible Bonds”. In particular, the Company allocated HK\$28 million of its net proceed to the repayment of interests derived from the Convertible Bonds and allocated HK\$24 million to its general working capital.

Note 2

As at 31 March 2022, the Company had no further plan to change the application of the remaining net proceeds for the purpose as disclosed. The Company intends to fully utilised the net proceeds from the Subscription by 31 March 2024.

FUNDING AND TREASURY POLICY

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EVENTS AFTER THE REPORTING PERIOD

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

PLEDGE OF ASSETS

As at 31 March 2022, no assets of the Group were pledged to secure general banking facilities granted to the Group (31 March 2021: nil).

CAPITAL COMMITMENTS

As at 31 March 2022, the Group had no material capital commitments (31 March 2021: nil).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no material contingent liabilities (31 March 2021: nil).

FOREIGN EXCHANGE EXPOSURE

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

PRINCIPAL RISKS AND UNCERTAINTIES

Other details of the activities during the year as regulated by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the business and a discussion of the principal risks and uncertainties the Group is facing, particulars of the events affecting the Group that have occurred since the financial year ended 31 March 2022, and an indication of likely future development in the Group's business, can be found in the section of Management Discussion and Analysis.

COMMODITY PRICE RISK

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

EMPLOYEE REMUNERATION POLICY

As at 31 March 2022, the Group had 35 employees (31 March 2021: 33 employees). For 2021/22, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$16.9 million (2020/21: HK\$15.6 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 and medical insurance. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the year ended 31 March 2022, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 2022. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Code Provision B.2.2

Code provision B.2.2 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The non-executive Directors and independent non-executive Directors were not appointed for a specific term, but are subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-laws. The management experience, expertise and commitment of the re-electing Directors will be considered by the Nomination Committee 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.

SHARE OPTION SCHEME

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

During the year ended 31 March 2022, no options were granted or exercised under the New Option Scheme.

BOARD DIVERSITY POLICY

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

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

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

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the “Audit Committee”) was established by the Board with specific terms of reference, whose purposes include the reviewing of the accounting principles and practices adopted by the Group and discussing auditing, internal control, risk management and financial reporting matters. The Audit Committee currently comprises Mr. Qian Yinghui (a non-executive director) and three independent non-executive Directors, namely, Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2022.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

DIRECTORS’ SECURITIES TRANSACTIONS

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

CHANGE OF AUDITOR

On 25 April 2023, the Company received a resignation letter from HLB Hodgson Impey Cheng Limited (“HLB”) by which HLB resigned as auditors of the Company with effect from 25 April 2023. HLB also stated in their letter that, among other things, (1) as of 31 March 2022, over 80% of the loan and interest receivables of the Group had matured and remained overdue. As part of HLB’s audit procedures, HLB attempted to arrange interviews with the relevant borrowers. However, HLB was only able to carry out interviews with two borrowers and were unable to contact or carry out interview with other borrowers; and (2) they were unable to obtain details of investigation report.

On 1 December 2023, HLB further issued a letter to the Company, and requested the Board and the Audit Committee to attend discussions with them to discuss the findings of the investigation as set out in the Company’s announcement dated 25 October 2023 (“Findings”).

HLB has also indicated that they are required to perform an assessment on whether the Findings will have any impact on the consolidated financial statements of the Group for the financial year ended 31 March 2019 to 31 March 2021 (“2019 to 2021 Financial Statements”). As the Findings may potentially impact the 2019 to 2021 Financial Statements, HLB has notified the Board and the Audit Committee that they reserve all their rights to prevent future reliance on their auditors’ reports (i) dated 24 June 2019 for the Group’s consolidated financial statements for the year ended 31 March 2019; (ii) dated 29 June 2020 for the Group’s consolidated financial statements for the year ended 31 March 2020; and (iii) dated 30 June 2021 for the Group’s consolidated financial statements for the year ended 31 March 2021. In addition, HLB has notified the Board that they will be required to extend their audit procedures to obtain sufficient and appropriate evidence to provide a basis in determining whether HLB should amend their auditors’ reports or provide new auditors’ reports for the 2019 to 2021 Financial Statements. For further details, please refer to the Company’s announcement dated 4 December 2023.

The Board and the Audit Committee confirmed that, save as disclosed above, they are not aware of any unusual or unresolved matter in connection with HLB’s resignation which should be brought to the attention of the shareholders. On 28 April 2023, the Company engaged Zhonghui Anda CPA Limited as the Company’s auditor to fill the casual vacancy following HLB’s resignation. Further details regarding HLB’s resignation are set out in the Company’s announcement dated 28 April 2023.

PRIOR YEAR ADJUSTMENTS

As disclosed in note 3 to the consolidated financial statements, the prior year adjustments were made to recognise convertible bond issued on 30 October 2020 in proper classification between liabilities and equity portion and valuation. The corresponding impact on convertible bond, convertible bond reserve, loss on initial recognition of convertible bond and finance cost have been adjusted accordingly.

There is no effects of restatements on the consolidated statement of financial position as at 1 April 2020.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following has been extracted from the independent auditor's report issued by ZHONGHUI ANDA CPA Limited, the Company's auditor, to be incorporated in the annual report to be issue by the Company and it is not expected to be amended prior to issuance of that report:

Disclaimer of Opinion

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

Basis for Disclaimer of Opinion

1. *Revenue recognised during the year ended 31 March 2022*

Due to the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2022, who the Group were unable to contact and communicate with, we were unable to obtain sufficient appropriate audit evidence (i.e. delivery documents) to satisfy ourselves as to the occurrence, accuracy, completeness and cutoff of the revenue transactions recognised by the subsidiary of the Company, Wan Long Xing Ye Commercial Trading (Hong Kong) Limited, of HK\$152,578,693 for the year ended 31 March 2022 ("Trading Transactions"). As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the Trading Transactions.

2. Trade receivables

Due to the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2022, who the Group were unable to contact and communicate with, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, rights and obligations, completeness and valuation of the trade receivables amounted to RMB25,432,050 (equivalent to HK\$31,334,320) as at 31 March 2022 and of which impairment loss of RMB10,968,069 (equivalent to HK\$13,524,078) was made during the year ended 31 March 2022. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments might have been found necessary in respect of the trade receivables and the impairment losses made for the year.

3. Other receivables, deposits and prepayments

Due to the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2022, who the Group were unable to contact and communicate with, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, rights and obligations, completeness and valuation of the other receivables, deposits and prepayments amounted to HK\$563,777,772, which was fully impaired during the year ended 31 March 2022. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments might have been found necessary in respect of the other receivables, deposits and prepayments and the impairment losses made for the year.

4. Loan and interest receivables

Due to the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2022, who the Group were unable to contact and communicate with, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, rights and obligations, completeness and valuation of the loan and interest receivable amounted to HK\$478,842,967 which was fully impaired and the relevant interest income during the year ended 31 March 2022. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments might have been found necessary in respect of the loan and interest receivables, interest income and the impairment losses made for the year.

5. *Inventories*

We were appointed as auditor of the Company subsequent to the Company's end of the reporting period of 31 March 2022. In consequence, we were unable to attend the Group's physical count of inventories as at that date. The Group has not maintained sufficient stock records for us to verify the carrying amount of inventories of HK\$6,794,775 as at that date. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of the inventories. In addition, impairment of inventories amounted to HK\$18,651,927 was made during the year ended 31 March 2022. There are no other satisfactory audit procedures that we could perform to determine whether the impairment was properly recorded.

6. *Trade and other payables*

Due to the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2022, who the Group were unable to contact and communicate with, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, rights and obligations, completeness and valuation of the trade and other payables amounted to HK\$19,612,191 as at 31 March 2022. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments might have been found necessary in respect of the trade and other payables.

7. *Revenue and cost of sales reversed during the year ended 31 March 2022*

Due to the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters in 2022, who the Group were unable to contact and communicate with, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the revenue and cost of sales transactions reversed by the subsidiary of the Company, Wan Long Xing Ye Commercial Trading (Shenzhen) Limited ("Wan Long Shenzhen"), of RMB486,940,670 (equivalent to HK\$599,079,217) and RMB482,375,607 (equivalent to HK\$594,788,870), respectively, for the year ended 31 March 2022 ("Reversed Transactions"). As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the Reversed Transactions.

8. *Insufficient accounting records of Wan Long Shenzhen*

As advised by the board of directors, since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of Wan Long Shenzhen in 2022, who the Group were unable to contact and communicate with, Wan Long Shenzhen has retained the basic business records, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the “Basic Records”), that were left behind by the former management and accounting departments of Wan Long Shenzhen as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of Wan Long Shenzhen’s accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the “Specific Records”).

In the absence of the Specific Records of the Wan Long Shenzhen following the departure of certain former key management personnel in 2022, the board of directors considered that they could only use their best endeavor to preserve the books and records that were left behind by the former management and the accounting departments and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records.

As a result of the above matters, in addition to paragraph 2, 3, 6 and 7, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 March 2022 and the assets and liabilities as at 31 March 2022 of Wan Long Shenzhen, as detailed below, and other related disclosure notes in relation to Wan Long Shenzhen, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Extract of Statement of Profit of Loss and Other Comprehensive Income

	For the year ended 31 March 2022 HK\$	For the year ended 31 March 2021 HK\$
Revenue	–	905,978,827
Cost of sales	–	(908,182,507)
Other income, gains and losses	(2,531,055)	680,163
Net allowance for expected credit losses	–	(1,063,568)
Selling and distribution costs	(2,505,411)	(2,418,259)
Administrative expenses	(5,430,621)	(3,994,127)
Finance costs	–	(294,407)
Income tax expense	–	(251,608)
	<u> </u>	<u> </u>

Extract of Statement of Financial Position

	As at 31 March 2022 HK\$	As at 31 March 2021 HK\$
Non-current asset	2,116,262	1,138,247
Current assets		
Trade receivables	–	7,561,423
Other receivables, deposits and prepayments	45,113,959	262,369,895
Other current assets	717,560	11,460,324
Current liabilities		
Trade and other payables	–	18,635,666
Contract liabilities	37,697,717	33,866,293
Other current liabilities	1,593,257	726,600
	<u> </u>	<u> </u>

Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2022.

9. Opening balance and the comparative information

As described in the preceding paragraphs, in addition to paragraph 8, due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to board of directors, we were unable to obtain sufficient appropriate audit evidence over the account balances including other receivables, deposits and prepayments of HK\$549,776,957, loan and interest receivables of HK\$529,709,844, inventories of HK\$16,343,625 as at 31 March 2021 and the transactions including revenue of HK\$222,728,910 and notes to financial statements of the Group and Company for the year then ended. Any adjustments that might have been found necessary to the Group's consolidated statement of financial position as at 31 March 2021 and 1 April 2021 would have a consequential effect on the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2022.

Any adjustments to the figures as described from paragraph 1 to 9 above might have a significant consequential effect on the Group's consolidated financial performance and its consolidated cash flows for the year ended 31 March 2022 and 2021 and the consolidated financial position of the Group as at 31 March 2022 and 2021, and the related disclosures thereof in the consolidated financial statements.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.0030hk.com).

A notice convening the annual general meeting of the Company will be despatched to the shareholders of the Company together with the 2021/22 Annual Report and available on the aforesaid websites in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on 21 June 2022 and will remain suspended.

By Order of the Board
YNBY International Limited
Tang Ming
Executive Director
&
Chief Executive Officer

Hong Kong, 5 December 2023

As at the date of this announcement, the executive Directors are Mr. Dong Ming (Chairman), Mr. Tang Ming (Chief Executive Officer), and Mr. Liu Zhouyang; the non-executive Directors are Mr. Qian Yinghui and Mr. Huang Bin; and the independent non-executive Directors are Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang.