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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 2023

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 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March

	<i>Note</i>	2023 HK\$	2022 HK\$
Revenue	4	452,908,674	179,527,751
Cost of sales		<u>(429,997,831)</u>	<u>(175,180,018)</u>
Gross profit		22,910,843	4,347,733
Other income, gains and losses		396,670	(19,025,860)
Net allowance for expected credit losses		(130,410,893)	(1,043,369,958)
Selling and distribution costs		(13,226,323)	(3,742,403)
Administrative expenses		<u>(39,623,800)</u>	<u>(48,239,948)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 31 March

		2023	2022
	<i>Notes</i>	HK\$	HK\$
Loss from operations		(159,953,503)	(1,110,030,436)
Finance costs	7	(5,906,421)	(3,850,678)
Share of loss of a joint venture		<u>(42,720)</u>	<u>–</u>
Loss before tax	6	(165,902,644)	(1,113,881,114)
Income tax expenses	9	<u>(2,956,277)</u>	<u>(3,438,843)</u>
Loss for the year		<u>(168,858,921)</u>	<u>(1,117,319,957)</u>
Attributable to:			
Owners of the Company		(168,870,808)	(1,117,313,589)
Non-controlling interests		<u>11,887</u>	<u>(6,368)</u>
		<u>(168,858,921)</u>	<u>(1,117,319,957)</u>
Loss per share			
Basic and diluted (HK cents per share)	10	<u>(2.51)</u>	<u>(17.33)</u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March

	2023	2022
	<i>HK\$</i>	<i>HK\$</i>
Loss for the year	<u>(168,858,921)</u>	<u>(1,117,319,957)</u>
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Release of exchange reserve upon deconsolidation of a subsidiary	2,937	–
Exchange differences on translation of foreign operations	<u>(2,173,698)</u>	<u>10,778,900</u>
Total comprehensive loss for the year	<u><u>(171,029,682)</u></u>	<u><u>(1,106,541,057)</u></u>
Attributable to:		
Owners of the Company	(170,986,257)	(1,106,534,689)
Non-controlling interests	<u>(43,425)</u>	<u>(6,368)</u>
	<u><u>(171,029,682)</u></u>	<u><u>(1,106,541,057)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	<i>Notes</i>	2023 HK\$	2022 <i>HK\$</i>
Non-current assets			
Property, plant and equipment		976,207	1,293,910
Right-of-use assets		2,750,928	8,420,877
Investment in a joint venture		<u>17,280</u>	<u>–</u>
		<u>3,744,415</u>	<u>9,714,787</u>
Current assets			
Inventories		50,290,472	6,794,775
Trade receivables	11	72,979,248	47,924,068
Loan and interest receivables	12	–	–
Other receivables, deposits and prepayments		24,434,492	50,474,666
Amount due from a joint venture		61,200	–
Tax recoverable		9,525,322	2,983,104
Cash and cash equivalents		<u>159,003,957</u>	<u>203,861,996</u>
		<u>316,294,691</u>	<u>312,038,609</u>
Current liabilities			
Trade and other payables	13	126,582,036	58,439,651
Contract liabilities		34,950,735	37,697,717
Lease liabilities		2,753,903	5,225,728
Amount due to a shareholder		17,392,891	61,235
Convertible bond		<u>13,615,541</u>	<u>13,761,441</u>
		<u>195,295,106</u>	<u>115,185,772</u>
Net current assets		<u>120,999,585</u>	<u>196,852,837</u>
Total assets less current liabilities		<u>124,744,000</u>	<u>206,567,624</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 March*

	2023	2022
	HK\$	HK\$
Non-current liabilities		
Convertible bond	11,342,531	–
Lease liabilities	<u>98,172</u>	<u>3,390,906</u>
	<u>11,440,703</u>	<u>3,390,906</u>
NET ASSETS	<u>113,303,297</u>	<u>203,176,718</u>
Capital and reserves		
Share capital	67,999,142	64,481,522
Reserves	<u>43,042,066</u>	<u>137,778,336</u>
Equity attributable to owners of the Company	111,041,208	202,259,858
Non-controlling interests	<u>2,262,089</u>	<u>916,860</u>
TOTAL EQUITY	<u>113,303,297</u>	<u>203,176,718</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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. The money lending business and trading of goods and commodities business under Wan Long Xing Ye Commercial Trading (Shenzhen) Limited have completely ceased since June 2022 and suspended since July 2022 respectively.

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 2023 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 2022. 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.

4. REVENUE

	2023	2022
	HK\$	HK\$
Money lending	–	482,522
Trading of goods and commodities	<u>452,908,674</u>	<u>179,045,229</u>
Total	<u>452,908,674</u>	<u>179,527,751</u>

Disaggregation of revenue from contracts with customers:

Segments	2023	2022
	HK\$	HK\$
Geographical markets		
Hong Kong	258,701,742	154,387,451
The People’s Republic of China	193,358,269	24,761,362
Others	<u>848,663</u>	<u>378,938</u>
Total	<u>452,908,674</u>	<u>179,527,751</u>
Timing of revenue recognition		
At a point in time	452,908,674	179,045,229
Over time	<u>–</u>	<u>482,522</u>
Total	<u>452,908,674</u>	<u>179,527,751</u>

5. SEGMENT INFORMATION

Information reported to the executive directors and senior management, being the chief operating decision maker, 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. Specifically, the Group's reportable operating segments under HKFRS 8 are (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 2023			
Revenue			
External sales	–	<u>452,908,674</u>	<u>452,908,674</u>
Segment result	–	<u>(122,494,022)</u>	<u>(122,494,022)</u>
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>
		2023	2022
		<i>HK\$</i>	<i>HK\$</i>
Segment result		<u>(122,494,022)</u>	(1,078,737,242)
Unallocated income, gains and losses		<u>2,385,062</u>	(641,010)
Unallocated expenses		<u>(39,844,543)</u>	(30,652,184)
Loss from operations		<u>(159,953,503)</u>	(1,110,030,436)
Finance costs		<u>(5,906,421)</u>	(3,850,678)
Share of loss of a joint venture		<u>(42,720)</u>	–
Loss before tax		<u>(165,902,644)</u>	(1,113,881,114)
Income tax expense		<u>(2,956,277)</u>	(3,438,843)
Loss for the year		<u>(168,858,921)</u>	<u>(1,117,319,957)</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 profit earned/(loss incurred) 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 a joint venture. 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 2023			
Segment assets	–	283,896,559	283,896,559
Unallocated assets			<u>36,142,547</u>
			<u><u>320,039,106</u></u>
Segment liabilities	–	(147,600,075)	(147,600,075)
Unallocated liabilities			<u>(59,135,734)</u>
			<u><u>(206,735,809)</u></u>
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>

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 a joint venture, 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, deferred tax liabilities 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 2023				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	36,503	365,524	265,125	667,152
Depreciation of right- of-use assets	333,102	1,450,010	3,121,336	4,904,448
Additions to non- current assets (<i>Note</i>)	–	339,785	366,736	706,521
Bank interest income	663	213,001	14,280	227,944
Reversal of allowance for ECL on other receivables	–	(303,865)	–	(303,865)
Allowance for ECL on other receivables	–	131,781,958	–	131,781,958
Reversal of allowance for ECL on loan and interest receivables	<u>(1,067,200)</u>	<u>–</u>	<u>–</u>	<u>(1,067,200)</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 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 (<i>Note</i>)	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
Allowance for ECL on loan receivables	466,969,356	–	–	466,969,356
Reversal of allowance for ECL on other receivables	–	(1,082,767)	–	(1,082,767)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: Non-current assets excluded investment in a joint venture.

5. SEGMENT INFORMATION (Continued)

(d) Geographic information

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 a joint venture, is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$
Hong Kong	258,701,742	154,387,451	1,991,498	7,598,525
PRC (excluding Hong Kong)	193,358,269	24,761,362	1,710,907	2,116,262
Others	848,663	378,938	24,730	–
Consolidated total	<u>452,908,674</u>	<u>179,527,751</u>	<u>3,727,135</u>	<u>9,714,787</u>

(e) Revenue from major customers:

	2023	2022
	HK\$	HK\$
Customer A ¹	197,378,951	90,675,705
Customer B ¹	<u>N/A²</u>	<u>62,649,435</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):

	2023	2022
	HK\$	HK\$
Auditors' remuneration	1,500,000	1,500,000
Cost of inventories sold	429,997,831	175,180,018
Depreciation of right-of-use assets	4,904,448	8,729,840
Depreciation of property, plant and equipment	667,152	992,124
Allowance for ECL on trade receivables	–	13,529,676
Reversal of allowance for ECL on trade receivables	–	(25,837)
Allowance for ECL on other receivables	131,781,958	563,979,530
Reversal of allowance for ECL on other receivables	(303,865)	(1,082,767)
Allowance for ECL on loan receivables	–	466,969,356
Reversal of allowance for ECL on loan receivables	(1,067,200)	–
Employee benefit expenses	17,499,129	16,896,725
Expenses relating to short-term lease	200,400	200,400

7. FINANCE COSTS

	2023	2022
	HK\$	HK\$
Interest on lease liabilities	194,353	400,653
Interest expenses on bonds		
– Effective interest expense on bonds	–	264,301
– Effective interest expense on convertible bond	5,712,068	3,185,724
	5,906,421	3,850,678

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

9. INCOME TAX EXPENSES

	2023	2022
	HK\$	HK\$
Current tax		
– Enterprise Income Tax in the PRC	2,755,981	40,375
Deferred tax	–	2,167,191
Under provision in prior years	<u>200,296</u>	<u>1,231,277</u>
	<u>2,956,277</u>	<u>3,438,843</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 2023 attributable to the owners of the Company of HK\$168,870,808 (2022: HK\$1,117,313,589) and on the weighted average number of 6,736,307,881 ordinary shares (2022: 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 2023 and 2022.

11. TRADE RECEIVABLES

	2023	2022
	HK\$	HK\$
Trade receivables	85,508,072	61,437,606
Less: Allowance for ECL	<u>(12,528,824)</u>	<u>(13,513,538)</u>
	<u>72,979,248</u>	<u>47,924,068</u>

Trade receivables are granted an average credit period of 90 days (2022: 90 days).

11. TRADE RECEIVABLES (Continued)

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

	2023	2022
	HK\$	HK\$
0 to 90 days	72,979,248	47,785,097
91 to 180 days	–	138,971
181 to 365 days	–	12,741,902
Over 365 days	<u>12,528,824</u>	<u>771,636</u>
	<u>85,508,072</u>	<u>61,437,606</u>

12. LOAN AND INTEREST RECEIVABLES

	2023	2022
	HK\$	HK\$
Loan receivables		
– Secured	274,256,465	274,262,968
– Unsecured	<u>203,519,302</u>	<u>204,579,999</u>
	477,775,767	478,842,967
Provision for loss allowance	<u>(477,775,767)</u>	<u>(478,842,967)</u>
Carrying amount	<u>–</u>	<u>–</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:

	2023	2022
	HK\$	HK\$
Overdue	<u>477,775,767</u>	<u>478,842,967</u>
Gross amount analysed for reporting purpose:		
Current assets	<u>477,775,767</u>	<u>478,842,967</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.

13. TRADE AND OTHER PAYABLES

	2023 HK\$	2022 HK\$
Trade payables (Note)	15,067,996	26,432,024
Other payables and accrued charges	<u>111,514,040</u>	<u>32,007,627</u>
	<u><u>126,582,036</u></u>	<u><u>58,439,651</u></u>

Note: The credit period for trade payables ranging from 45 to 180 days (2022: 45 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

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

	2023 HK\$	2022 HK\$
0 to 30 days	191,845	26,359,755
31 to 60 days	14,869,103	–
61 to 90 days	–	65,221
Over 90 days	<u>7,048</u>	<u>7,048</u>
	<u><u>15,067,996</u></u>	<u><u>26,432,024</u></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

For the year ended 31 March 2023 (“2022/23”), the Group has ceased its operations in the money lending segment and no revenue or segment results were reported. The Group focuses on the trading of goods and commodities business which refers to (i) e-commerce trading business and (ii) raw materials trading business for healthcare products including the sourcing of packaging materials, pharmacy and cosmetics CBD materials and isolates, plant extracts, etc. and 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.

Trading of goods and commodities

The Group’s e-commerce trading business is primarily operated by selling products bearing third-party brands, which are sourced and procured from overseas suppliers and sold to renowned online platforms in China, such as VIP.com, JD.com, and Tmall. 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 customer 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.

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 sources products required by its customers, but takes on a more active role in serving its existing and potential customers in respect of their supply chain.

The Group is based in Hong Kong and has a deep penetration in the PRC. The management of the Group believes that a strong global presence is beneficial to the trading business. Hence, the Group is also establishing an extensive global sales and distribution network with a geographical reach spanning over the Greater China, Japan, Korea, Singapore, Vietnam, Thailand, Laos, Canada, North America, Switzerland and France.

For 2022/23, the trading of goods and commodities segment reported revenue of approximately HK\$452.9 million, representing an increase of 153.0% from HK\$179.0 million reported for the year ended 31 March 2022 (“2021/22”). This segment reported a segment loss of HK\$122.5 million for 2022/23 (2021/22: HK\$609.4 million). The significant improvement on the segment revenue and segment results is mainly attributable to (i) the new business strategies on e-commerce trading business and raw material trading business by the new management appointed by the Company in early 2022 and (ii) significant decreases in net allowance for ECL.

The revenue generated from the trading of goods and commodities segment represented all the Group’s total revenue while the money lending business was ceased during the year.

For 2022/23, a net allowance for ECL on other receivables of HK\$131.5 million was recognised (2021/22: HK\$562.9 million).

PROSPECTS

According to the Department of E-Commerce of the Ministry of Commerce, in 2022, the China’s online e-commerce business grew steadily, of which some of products grew by double-digit percentage. The cross-border e-commerce developed rapidly. In 2022, online retail sales in China reached RMB13.79 trillion, representing a year-on-year increase of 4%, while the cross-border e-commerce in China import and export (including B2B) reached RMB2.11 trillion, representing a year-on-year increase of 9.8%. The prosperous e-commerce market in China provides the Group with great potential. With successful experience on the existing business strategies since 2022, the management is confident that the Group will have bright future in trading of goods and commodities, especially in e-commerce trading business, by capturing the opportunities in China.

GENERAL AND ADMINISTRATIVE EXPENSES

For 2022/23, 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\$39.6 million (2021/22: HK\$48.2 million), representing a decrease of 17.8%. The decrease in the general and administrative expenses was principally due to the decrease in consultancy and services fees in respect of development of own-branded CBD products.

FINANCE COSTS

For 2022/23, finance costs of HK\$5.9 million (2021/22: HK\$3.9 million) were incurred, representing an increase of 53.4% which represented the effective interests arising from 2021/22 to 2022/23. The increase was mainly resulted from the extension of maturity date of convertible bonds during the year in respect of the convertible bonds issued and renewed on 1 February 2023.

INCOME TAX EXPENSES

For 2022/23, income tax expenses of HK\$3.0 million (2021/22: HK\$3.4 million) were incurred. The income taxes for 2022/23 mainly represented the enterprise income tax in the PRC of HK\$2.8 million.

LOSS PER SHARE

For 2022/23, the basic and diluted loss per share amounted to 2.51 HK cents, as compared to the basic and diluted loss per share of 17.33 HK cents in 2021/22, mainly resulted from the enhancement in gross profit and decrease in the net allowance for expected credit losses.

FINANCIAL POSITION

The shareholders' equity decreased from HK\$203.2 million as at 31 March 2022 to HK\$113.3 million as at 31 March 2023, in which the decrease was mainly due to the net loss of the Group for 2022/23. Total assets decreased slightly by 0.6% from HK\$321.8 million as at 31 March 2022 to HK\$320.0 million as at 31 March 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group's cash and cash equivalents amounted to HK\$159.0 million (31 March 2022: HK\$203.9 million). As at 31 March 2023, the Group had a convertible bond with carrying amount of HK\$25.0 million (31 March 2022: HK\$13.8 million) with coupon rate of 3% per-annum. The interest expenses for the year are calculated by applying an effective interest rate of 18.79% per-annum to the liability component for 2-year period since the convertible bond were issued. The gearing ratio of the Group is 22.0% as at 31 March 2023 (31 March 2022: 6.8%), 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 2022/23 (2021/22: nil).

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 31 March 2023, the total number of issued ordinary shares (the "Shares") of the Company was 6,799,914,160 shares (31 March 2022: 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 2023, approximately HK\$396 million 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.

In June 2022, the Company placed 351,762,000 ordinary shares of nominal value of HK\$0.01 per share (the “Placing”) to Sunwah Great Wall Group Limited at subscription price HK\$0.285 per share in order to supplement the Group’s long-term funding of its expansion plan and growth strategies and broaden the shareholder base. As at 31 March 2023, approximately HK\$50 million had been used from the date of the Placing in accordance with its intended use as stated in the announcements of the Company dated 14 April 2022 and 16 May 2022, and the unused balance of the Placing proceeds was approximately HK\$50 million.

The Company applied the net proceeds from the Subscription and Placing as follows:

	Planned use of proceeds <i>HK\$’ million</i>	Utilised amount up to 31 March 2023 <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 <i>HK\$’ million</i> (Note 2)
Subscription				
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)	–
Purchase of CBD isolate inventory for trading purpose	20	15	–	5
Setting up of hemp cultivation and extraction and trading business	70	–	–	70
Expansion of CBD- related target business	40	–	(13)	27
Expansion of existing money lending business	50	43	(7)	–

	Planned use of proceeds HK\$' million	Utilised amount up to 31 March 2023 HK\$' million	Difference between the planned allocation net proceeds and actual usage of the net proceeds HK\$' million (Note 1)	Unused balance from the net proceeds HK\$' million (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
Placing				
Expansion of CBD- based cosmetics products and industrial cannabis trading business with ASEAN	45	5	–	40
Research and development of Chinese herbal medicine in the PRC and development the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc	25	15	–	10
Development of the health food products network in Thailand and the trade with ASEAN	25	25	–	–
General working capital	5	5	–	–
Total	100	50	–	50

Note 1

In light of the recent changes in the government policies with respect to the 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 HKD28 million of its net proceed to the repayment of interests derived from the Convertible Bonds and allocated HKD24 million to its general working capital.

Note 2

As at 31 March 2023, 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 and Placing 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 2023, no assets of the Group were pledged to secure general banking facilities granted to the Group (31 March 2022: nil).

CAPITAL COMMITMENTS

As at 31 March 2023, the Group had no material capital commitments (31 March 2022: nil).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no material contingent liabilities (31 March 2022: 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 2023, 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 2023, the Group had 37 employees (31 March 2022: 35 employees). For 2022/23, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$17.5 million (2021/22: HK\$16.9 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 2023, 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 2023. 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 reelection 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 2023, 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 2023.

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

During the year ended 31 March 2023, 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.

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

Matters identified during the year ended 31 March 2023

1. *Revenue and cost of sales reversed during the year ended 31 March 2023*

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 RMB67,165,177 (equivalent to HK\$76,995,023) and RMB66,875,294 (equivalent to HK\$76,662,715), respectively, for the year ended 31 March 2023 (“2023 Reversed Transactions”). As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the 2023 Reversed Transactions.

Matters relating to opening balances and impacting the Group for the year ended 31 March 2023

2. *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.

3. 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, and completeness and valuation of the trade receivables amounted to RMB25,432,050 (equivalent to HK\$31,334,320) as at 31 March 2022 of which impairment losses of HK\$10,968,069 (equivalent to HK\$13,524,078) made for 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 ended 31 March 2022 and 2023.

4. 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 and allocation 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 ended 31 March 2022 and 2023.

5. 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\$477,775,767 and HK\$478,842,967 which was fully impaired and the relevant interest income during the year ended 31 March 2023 and 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 ended 31 March 2022 and 2023.

6. 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.

7. 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 and allocation of the trade and other payables amounted to HK\$18,183,078 and HK\$19,612,191 as at 31 March 2023 and 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 for the year ended 31 March 2022 and 2023.

8. 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.

9. *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 1, 3, 4, 7 and 8, 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-Mar-23 <i>HK\$</i>	For the year ended 31-Mar-22 <i>HK\$</i>
Revenue	–	–
Cost of sales	–	–
Other income, gains and losses	(818,034)	(2,531,055)
Net allowance for expected credit losses	(131,724,848)	–
Selling and distribution costs	(138,880)	(2,505,411)
Administrative expenses	(2,748,193)	(5,430,621)
Finance costs	(3,528)	–
Income tax expense	(24,564)	–

Extract of Statement of Financial Position

	As at 31-Mar-23 <i>HK\$</i>	As at 31-Mar-22 <i>HK\$</i>
Non-current asset	1,710,907	2,116,262
Current assets		
Trade receivables	–	–
Other receivables, deposits and prepayments	1,532,838	45,113,959
Amounts due from group companies	699,530	18,231,036
Other current assets	46,440	717,560
Current liabilities		
Trade and other payables	90,962,696	–
Contract liabilities	34,950,735	37,697,717
Amounts due to group companies	24,573,110	40,561,415
Other current liabilities	1,377,957	1,593,257

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 and 2023.

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 2023 and 2022 and the consolidated financial position of the Group as at 31 March 2023 and 2022, 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 2023 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 2023. 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 2022/23 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 Board of the Company comprises: Executive Directors: Mr. Dong Ming (Chairman), Mr. Tang Ming (Chief Executive Officer) and Mr. Liu Zhouyang; Non-executive Directors: Mr. Qian Yinghui and Mr. Huang Bin; Independent Non-executive Directors: Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang.