投融長富
TOURONG CHANGFU

Tou Rong Chang Fu Group Limited
投融長富集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 850)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

ANNUAL RESULTS

The board of directors (the "Board") of Tou Rong Chang Fu Group Limited (the "Company") announces that the consolidated annual results for the year ended 31 March 2018 of the Company and its subsidiaries (together, the "Group") together with the comparative financial information for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Note	**2018** ***HK$'000***	2017 *HK$'000* (Restated) *(Note 3(iii))*
Revenue	*4*	**5,536,378**	13,832,372
Cost of sales		**(5,389,906)**	(13,519,651)
Gross profit		**146,472**	312,721
Other losses, net	*5*	**(120,043)**	(813)
Allowance for credit losses on trade receivables		**(38,040)**	(18,156)
Allowance for credit losses on loans receivable		**(21,024)**	(9,225)
Selling and distribution costs		**(20,555)**	(45,456)
Administrative expenses		**(95,519)**	(106,595)
Operating (loss)/profit		**(148,709)**	132,476
Finance income	*6*	**61**	106
Finance costs	*6*	**(53,009)**	(38,367)
(Loss)/profit before taxation		**(201,657)**	94,215
Income tax credit/(expense)	*7*	**846**	(1,643)
(Loss)/profit for the year		**(200,811)**	92,572

	Note	2018 *HK$'000*	2017 *HK$'000* (Restated) *(Note 3(iii))*
(Loss)/profit for the year attributable to:			
Owners of the Company		**(199,630)**	95,188
Non-controlling interests		**(1,181)**	(2,616)
		(200,811)	92,572
(Loss)/earnings per share *(HK cents)*	*8*		
Basic and diluted		**(2.63)**	1.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018** **HK$'000**	2017 *HK$'000* (Restated) *(Note 3(iii))*
(Loss)/profit for the year		**(200,811)**	92,572
Other comprehensive income/(expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**26,756**	(17,348)
Item that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair through other comprehensive income		**4,635**	(2,292)
Other comprehensive income/(expense) for the year		**31,391**	(19,640)
Total comprehensive (expense)/income for the year		**(169,420)**	72,932
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(168,595)**	71,858
Non-controlling interests		**(825)**	1,074
		(169,420)	72,932

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	As at 31 March 2018 HK$'000	As at 31 March 2017 HK$'000 (Restated) (Note 3(iii))	As at 1 April 2016 HK$'000 (Restated) (Note 3(iii))
Assets				
Non-current assets				
Property, plant and equipment	10	**26,580**	83,266	87,298
Investment properties		**103,887**	106,118	108,349
Intangible assets	10	**30,900**	129,273	141,501
Interests in associates		**–**	–	–
Prepayments, deposits and other receivables		**52,391**	32,346	31,538
Financial assets at fair value through other comprehensive income		**4,079**	29,241	24,533
Financial assets at fair value through profit or loss		**27,571**	–	–
		245,408	380,244	393,219
Current assets				
Inventories		**1,182**	2,225	2,626
Trade receivables	11	**525,933**	411,737	331,472
Loans receivable	12	**73,933**	111,036	18,240
Prepayments, deposits and other receivables		**122,748**	202,206	102,676
Financial assets at fair value through profit or loss		**46,747**	256	657
Current income tax recoverable		**1,218**	–	–
Client trust bank balances		**5,410**	5,056	–
Cash and cash equivalents		**348,923**	278,866	208,168
		1,126,094	1,011,382	663,839
Total assets		**1,371,502**	1,391,626	1,057,058

	Note	As at 31 March 2018 HK$'000	As at 31 March 2017 HK$'000 (Restated) (Note 3(iii))	As at 1 April 2016 HK$'000 (Restated) (Note 3(iii))
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital		**89,679**	75,507	62,174
Reserves		**504,599**	540,281	304,037
		594,278	615,788	366,211
Non-controlling interests		**(1,496)**	(2,671)	(3,096)
Total equity		**592,782**	613,117	363,115
Liabilities				
Non-current liabilities				
Deferred tax liabilities		**547**	1,816	2,224
Bonds		**619,180**	438,223	366,830
		619,727	440,039	369,054
Current liabilities				
Trade payables	*13*	**19,085**	135,197	274,924
Accruals and other payables		**108,831**	167,474	49,754
Bank borrowings		**29,477**	32,818	–
Current income tax liabilities		**1,009**	1,977	211
Bonds		**591**	1,004	–
		158,993	338,470	324,889
Total liabilities		**778,720**	778,509	693,943
Total equity and liabilities		**1,371,502**	1,391,626	1,057,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Tou Rong Chang Fu Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 21st Floor, 80 Gloucester Road, Wan Chai, Hong Kong, respectively.

The trading of ordinary shares of the Company on the Stock Exchange has been suspended since 3 July 2018 due to, in the opinion of the directors of the Company, the Company fails to publish the annual results of the Group for the year ended 31 March 2018 and the despatch of annual report of the Group for the year ended 31 March 2018 within the time limit pursuant to the Listing Rule.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are trading of commodities and chemical products, property investment, money lending business, securities brokerage, asset management, insurance brokerage and the exploitation and sale of crude oil.

The Company's functional currency is the United Stated dollars ("US$"). However, the presentation currency of the consolidated financial statements is Hong Kong Dollars ("HK$") as the directors of the Company consider that HK$ is the most appropriate presentation currency in view of its place of listing.

These consolidated financial statements are presented in Thousands of Hong Kong Dollars ("HK$'000"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries (together, the "Group") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) New standard and amendments to existing standards adopted/early adopted in the current year:

Standards	Subject
HKFRS 9	Financial Instruments
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Annual improvements 2014-2016 Cycle

Except as described below, the adoption of the new standards and the amendments to standards did not have any material impact on the preparation of the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

The Group has elected to early adopt HKFRS 9 "Financial Instruments" in current financial year. The Group has applied the standard retrospectively. See Note 3(iii) for further details on the impact of the change in accounting policy.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in consolidated statement of cash flows. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in consolidated statement of cash flows, the application of these amendments has had no impact on the Group's consolidated financial statements.

(ii) New standards, amendments to existing standards and interpretations have been issued but are not effective and have not been early adopted

Standards	Subject	Effective for annual periods beginning on or after	*Note*
HKFRS 15	Revenue from Contracts with Customers	1 January 2018	*(a)*
HKFRS 16	Leases	1 January 2019	*(b)*
HKFRS 17	Insurance Contracts	1 January 2021	
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019	
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018	
Amendments to HKFRS 3	Definition of a Business	1 January 2020	
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018	
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019	
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	

Standards	Subject	Effective for annual periods beginning on or after	*Note*
Amendments to HKFRS 15	Clarifications to HKFRS 15	1 January 2018	
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of "Material"	1 January 2020	
Amendments to HKAS 19	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019	
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle	1 January 2018	
Amendments to HKAS 28	Long-term Interests in an Associate or Joint Venture	1 January 2019	
Amendments to HKAS 40	Transfers of Investment Property	1 January 2018	
Amendments to HKFRSs	Annual Improvements 2015-2017 Cycle	1 January 2019	

The Group is assessing the impacts of these new standards, amendments to existing standards and interpretations and will apply them once they are effective.

Note (a):

HKFRS 15, "Revenue from Contracts with Customers"

Nature of change

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

The management has assessed the effects of applying the new standard on the Group's consolidated financial statements and does not expect a significant impact on the recognition of revenue.

Date of adoption by the Group

This standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in accumulated losses as of 1 April 2018 and that comparatives will not be restated.

Note (b):

HKFRS 16, "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position of a lessee, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases (as lessee). As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK$10,964,000. The Group estimates that the impact on the amount for short-term or low value leases is immaterial. The Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by the Group

This standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Apart from aforementioned HKFRS 15 and HKFRS 16, the Board of Directors ("Board") are in the process of assessing the financial impact of the adoption of the above new standards, amendments to existing standard and interpretations. The Board will adopt the new standards, amendments to existing standards and interpretations when they become effective.

(iii) Change in accounting policy

As explained in Note 3 (i) above, the Group has early adopted HKFRS 9, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The Group has applied the standard retrospectively and restated the comparative figures. The date of initial application of HKFRS 9 is 1 April 2017. The assessment of the Group's business model was made as of the date of initial application, 1 April 2017, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2017. HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments: Disclosures".

i. Classification and measurement of financial instruments

The Group elected to present changes in the fair value of all its equity investments (previously classified as available-for-sale investments and re-measured at fair value at each reporting date) in other comprehensive income as they are long-term and strategic investments. As a result, available-for-sale investments with aggregated fair value of approximately HK$24,533,000 and HK$29,241,000 were reclassified to financial assets at fair value through other comprehensive income ("FVTOCI") on 1 April 2016 and 31 March 2017, respectively. Other than the change in the classification of equity investments, the classification of other financial assets and liabilities remained unchanged.

Gains or losses realised in the sale of the financial assets at FVTOCI will no longer be transferred to profits or loss on sale, but instead transferred from FVTOCI reserve to accumulated losses. During the year ended 31 March 2018, the Group disposed of a financial asset at FVTOCI at a consideration of HK$29,797,000. Upon disposal, the related investment valuation reserve was debited by approximately HK$24,960,000 and transferred to accumulated losses.

ii. Impairment of financial assets

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

In the current year, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For loans receivables, the ECL is based on the 12-month ECL unless there has been significant increase in credit risk since initial recognition. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. The Group categorises its loans receivable into three categories which reflect their credit risk and assesses the ECL for each of those categories.

Allowance for credit losses for other financial assets at amortised cost, which mainly comprise of deposits and other receivables and cash and bank balances are measured based on 12-month ECL basis and there have no significant increase in credit risk since initial recognition.

iii. The effect of early adoption of HKFRS 9

The table below illustrate the classification and measurement of financial asset and other items subject of ECL under HKFRS 9 and HKAS 39 as at 31 March 2017 and 1 April 2016.

	For the year ended 31 March 2017			
	As previously reported under HKAS 39	**Reclassification**	**Adjustments**	**Restated under HKFRS 9**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated income statement				
Other losses, net	(5,622)	4,809	–	(813)
Allowance for credit losses on trade receivables	–	–	(18,156)	(18,156)
Allowance for credit losses on loans receivable	–	(4,809)	(4,416)	(9,225)
Profit for the year	115,144	–	(22,572)	92,572
Profit for the year attributable to owners of the Company	117,760	–	(22,572)	95,188
Earnings per share, basic and diluted *(HK cents)*	1.57		(0.30)	1.27

	As at 31 March 2017 as previously reported under HKAS 39	**Reclassification**	**Adjustments**	**As at 1 April 2017 restated under HKFRS 9**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated statement of financial position				
Trade receivables	446,441	–	(34,704)	411,737
Loans receivable	117,125	–	(6,089)	111,036
Other financial asset:				
– available-for-sale investments (non-current)	29,241	(29,241)	–	–
– held-for-trading investments (current)	256	(256)	–	–
Financial assets at FVTOCI	–	29,241	–	29,241
Financial assets at fair value through profit or loss ("FVTPL")	–	256	–	256
Accumulated losses	(104,977)	–	(40,793)	(145,770)

	As at 31 March 2016 as previously reported under HKAS 39	Reclassification	Adjustments	As at 1 April 2016 restated under HKFRS 9
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated statement of financial position				
Trade receivables	348,020	–	(16,548)	331,472
Loans receivable	19,913	–	(1,673)	18,240
Other financial asset:				
– available-for-sale investments (non-current)	24,533	(24,533)	–	–
– held-for-trading (current)	147	(147)	–	–
Financial assets at FVTOCI	–	24,533	–	24,533
Derivative financial assets	510	(510)	–	–
Financial assets at FVTPL	–	657	–	657
Accumulated losses	(223,906)	–	(18,221)	(242,127)

iv. Total impact on the Group's retained earnings as at 1 April 2017 and 1 April 2016 is as follows:

	2017	2016
	HK$'000	*HK$'000*
Accumulated losses 31 March under HKAS 39	(104,977)	(223,906)
Increase in allowance for credit losses on trade receivables	(34,704)	(16,548)
Increase in allowance for credit losses on loans receivable	(6,089)	(1,673)
Opening accumulated losses 1 April under HKFRS 9	(145,770)	(242,127)

Adjustment made to line items in the consolidated income statement and the consolidated statement of comprehensive income for the 2017 reporting period relate to:

	2017
	HK$'000
Increase in allowance for credit losses on trade receivables	(18,156)
Increase in allowance for credit losses on loans receivable	(9,225)
Reclassification of other losses, net to allowance for credit loss on loans receivable	4,809
Decrease of operating profit and profit for the year	(22,572)

Set out below is the reconciliation of the ending provision for impairment in accordance with HKAS 39 to the opening loss allowances determined in accordance with HKFRS 9:

	Trade receivables	**Loans receivable**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Provision for impairment at 31 March 2016 under HKAS 39	11,723	–	11,723
Additional credit losses recognised	16,548	1,673	18,221
Loss allowances at 1 April 2016 under HKFRS 9	28,271	1,673	29,944

	Trade receivables	**Loans receivable**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Provision for impairment at 31 March 2017 under HKAS 39	10,139	4,809	14,948
Additional credit losses recognised	34,704	6,089	40,793
Loss allowances at 1 April 2017 under HKFRS 9	44,843	10,898	55,741

Classification and measurement

On 1 April 2017, the Group's management has assessed which business models applied to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets	**FVTPL** *HK$'000*	**FVTOCI** *HK$'000*	**Other financial assets** *HK$'000*
Closing balance 31 March 2017 – As previously reported under HKAS39	–	–	29,497
Reclassify investment from other financial assets (held-for-trading investments) to FVTPL	256	–	(256)
Reclassify investment from other financial assets (available-for-sale investments) to FVTOCI	–	29,241	(29,241)
Opening balance 1 April 2017 – under HKFRS 9	256	29,241	–

The following are items have been restated, arising from the retrospective application of HKFRS9:

	Financial assets at FVTPL *HK$'000*	**Financial assets at FVTOCI** *HK$'000*	**Derivative financial assets** *HK$'000*	**Other financial assets** *HK$'000*
Closing balance 31 March 2016 – As previously reported under HKAS39	–	–	510	24,680
Reclassify investment from other financial assets (held-for-trading investments) to FVTPL	147	–	–	(147)
Reclassify investment from derivative financial assets to FVTPL	510	–	(510)	–
Reclassify investment from other financial assets (available-for-sale investments) to FVTOCI	–	24,533	–	(24,533)
Opening balance 1 April 2016	**657**	**24,533**	**–**	**–**

The impact of these changes on the Group's equity is as follows:

	Effect on investment valuation reserves *HK$'000*	Effect on FVTOCI reserves *HK$'000*	Effect on accumulated losses *HK$'000*
Closing balance 31 March 2017 – As previously reported under HKAS39	(32,516)	–	(104,977)
Increase in allowance for credit losses on trade receivables	–	–	(34,704)
Increase in allowance for credit losses on loans receivable	–	–	(6,089)
Reclassify non-trading equities from other financial assets to FVTOCI	32,516	(32,516)	–
Opening balance 1 April 2017 – under HKFRS 9	–	(32,516)	(145,770)

	Effect on investment valuation reserves *HK$'000*	Effect on FVTOCI reserves *HK$'000*	Effect on accumulated losses *HK$'000*
Closing balance 31 March 2016 – As previously reported under HKAS39	(30,224)	–	(223,906)
Increase in allowance for credit losses on trade receivables	–	–	(16,548)
Increase in allowance for credit losses on loans receivable	–	–	(1,673)
Reclassify non-trading equities from other financial assets to FVTOCI	30,224	(30,224)	–
Opening balance 1 April 2016 – under HKFRS 9	–	(30,224)	(242,127)

4 REVENUE AND SEGMENT INFORMATION

The Executive Directors of the Company have been regarded as the chief operating decision maker ("CODM"). The Group's operating segments, based on information reported to the CODM for the purpose of resource allocation and performance assessment, are as follows:

- Trading of commodities, chemical products and petroleum products ("Commodity trading");
- Exploitation and sale of crude oil ("Crude oil");
- Leasing of investment properties ("Property investment");
- Money lending, securities brokerage and asset management business ("Financial services"); and
- Others.

The Group also carries out business as insurance brokerage and service contract. The CODM, after reviewing for qualitative factors such as the business activities, economic and legal characteristics of the business and quantitative factors such as the financial performance of the business, has accordingly determined that the insurance brokerage and service contract businesses did not qualify as reportable operating segments, and their financial information is included in "Others".

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the loss made or profit earned by each segment without allocation of incomes or expenses which are not recurring in nature and unrelated to the Group's operating performance, including bank interest income on bank deposits, central management fee income, central administration costs, directors' emoluments, changes in fair value of financial assets at FVTPL, impairment losses on prepayment, deposits and other receivables and interest expenses.

The CODM also reviews the earnings/loss before net finance income and costs, income tax expense, depreciation and amortisation, impairment losses on property, plant and equipment, investment properties and intangible assets, unallocated other income less expenses and non-controlling interests ("EBITDA" or "LBITDA") of the Group. Accordingly, EBITDA or LBITDA is also presented.

For the purposes of monitoring segment performance and allocating resources among segments, all assets are allocated to operating segments other than interests in an associate, financial assets at FVTPL, financial assets at FVTOCI, cash and bank balances and other corporate assets.

The CODM reviews the segment assets for the purposes of resource allocation and performance assessment, an analysis of the Group's liabilities is not regularly reviewed by the CODM and hence, the relevant information is not presented accordingly.

(a) Segment revenue and results

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

	For the year ended 31 March 2018					
	Commodity trading *HK$'000*	**Crude oil** *HK$'000*	**Property investment** *HK$'000*	**Financial services** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue	**5,500,164**	**–**	**2,928**	**31,914**	**1,372**	**5,536,378**
Segment EBITDA/(LBITDA)	**(14,338)**	**(151,431)**	**(129)**	**(3,757)**	**428**	**(169,227)**
Segment depreciation and amortisation	**(1,526)**	**(14,423)**	**(2,257)**	**(208)**	**(4,234)**	**(22,648)**
Segment results	**(15,864)**	**(165,854)**	**(2,386)**	**(3,965)**	**(3,806)**	**(191,875)**
Unallocated net income						**43,166**
Interest income on bank deposits						**61**
Interest expenses						**(53,009)**
Loss before taxation						**(201,657)**

	For the year ended 31 March 2017					
	Commodity trading *HK$'000* (Restated)	Crude oil *HK$'000*	Property investment *HK$'000*	Financial services *HK$'000* (Restated)	Others *HK$'000*	Total *HK$'000* (Restated)
Segment revenue	13,802,960	–	2,235	26,248	929	13,832,372
Segment EBITDA/(LBITDA)	82,140	(3,545)	814	9,815	(308)	88,916
Segment depreciation and amortisation	(1,479)	(14,059)	(2,231)	(204)	(4,155)	(22,128)
Segment results	80,661	(17,604)	(1,417)	9,611	(4,463)	66,788
Unallocated net income						65,688
Interest income on bank deposits						106
Interest expenses						(38,367)
Profit before taxation						94,215

Revenue from one (2017: one) customer in relation to commodity trading amounted to approximately HK$5,109,992,000 (2017: HK$13,449,818,000), which individually represents more than 10% of the Group's total revenue.

(b) Segment assets

The following is an analysis of the Group's assets by reportable operating segment:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Commodity trading	**640,636**	577,247
Crude oil	**20,468**	163,263
Property investment	**104,311**	117,894
Financial services	**97,166**	120,239
Others	**15,116**	19,635
Total segment assets	**877,697**	998,278
Unallocated	**493,805**	393,348
Total assets	**1,371,502**	1,391,626

(c) Other segment information

	For the year ended 31 March 2018						
	Commodity trading	**Crude oil**	**Property investment**	**Financial services**	**Others**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$000***	***HK$'000***	***HK$'000***	***HK$'000***
Amount included in the measure of segment results or segment assets:							
Additions to non-current assets	**11**	**3,858**	**3,181**	**526**	**308**	**68**	**7,952**
Impairment losses on property, plant and equipment	**–**	**(60,610)**	**–**	**–**	**–**	**–**	**(60,610)**
Impairment losses on intangible assets	**(6,171)**	**(92,310)**	**–**	**–**	**(760)**	**–**	**(99,241)**
Allowance for credit losses on trade receivables	**(38,040)**	**–**	**–**	**–**	**–**	**–**	**(38,040)**
Allowance for credit losses on loans receivable	**–**	**–**	**–**	**(21,024)**	**–**	**–**	**(21,024)**
Impairment losses of prepayments, deposits and other receivables	**(8,071)**	**–**	**–**	**–**	**–**	**(5,700)**	**(13,771)**

	For the year ended 31 March 2017						
	Commodity trading *HK$'000* (Restated)	Crude oil *HK$'000*	Property investment *HK$000*	Financial services *HK$'000* (Restated)	Others *HK$'000*	Unallocated *HK$'000*	Total *HK$'000* (Restated)
Amount included in the measure of segment results or segment assets:							
Additions to non-current assets	205	3,076	–	5,839	2,021	13,115	24,256
Allowance for credit losses on trade receivables	(18,156)	–	–	–	–	–	(18,156)
Allowance for credit losses on loans receivable	–	–	–	(9,225)	–	–	(9,225)
Impairment losses on prepayments, deposits and other receivables	(3,945)	–	(319)	–	–	–	(4,264)
Gains on disposals of property, plant and equipment	40	–	–	–	–	–	40
Gain on deregistration of a subsidiary	2,222	–	–	–	–	–	2,222

(d) Geographical information

The Group's operations are located in the PRC and Hong Kong. The Group's revenue from external customers is based on the location of their key operations and information about its non-current assets is based on geographical location of the assets that are shown below:

	Revenue from external customers		**Non-current assets**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**5,484,148**	13,700,631	**39,900**	181,542
Hong Kong	**52,230**	124,261	**192,486**	181,582
Others	**–**	7,480	**13,022**	17,120
	5,536,378	13,832,372	**245,408**	380,244

5 OTHER LOSSES, NET

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Impairment losses on property, plant and equipment	**(60,610)**	–
Impairment losses on intangible assets	**(99,241)**	–
Impairment losses on prepayments, deposits and other receivables	**(13,771)**	(4,264)
Exchange gains/(losses), net	**28,954**	(2,716)
Write back of consideration payables	**5,900**	–
Changes in fair value of financial assets at FVTPL	**18,722**	109
Gain on deregistration of a subsidiary	**–**	2,222
Gains on disposal of property, plant and equipment	**–**	40
Fund investment income	**–**	3,793
Others	**3**	3
	(120,043)	(813)

6 FINANCE COSTS, NET

	2018	2017
	HK$'000	*HK$'000*
Interest expenses on:		
– bonds	**(52,258)**	(37,796)
– bank borrowings	**(751)**	(571)
	(53,009)	(38,367)
Interest income on bank deposits	**61**	106
Finance costs, net	**(52,948)**	(38,261)

7 INCOME TAX CREDIT/(EXPENSE)

	2018	2017
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**851**	1,873
Under-provision of prior years	**(127)**	22
	724	1,895
Deferred income tax	**(1,570)**	(252)
Income tax (credit)/expense	**(846)**	1,643

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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation in the relevant jurisdiction of which the most significant jurisdictions are the PRC which has a corporate income tax rate of 25% (2017: 25%). Under the applicable corporate tax law in Macau, profits tax is charged at 12% (2017: 12%) of the estimated assessable profits.

No current Macau complementary corporate tax and PRC corporate income tax have been provided for as the Group did not have any assessable profits in Macau nor in the PRC for the year (2017: Nil).

There is no tax impact relating to components of other comprehensive income for the year ended 31 March 2018 (2017: Nil).

8 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share attributable to the owners of the Company is calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of shares in issue during the year.

	2018	2017 (Restated)
(Loss)/profit attributable to the owners of the Company *(HK$'000)*	**(199,630)**	95,188
Weighted average number of ordinary shares in issue *(shares in thousands)*	**7,593,433**	7,519,884
Basic (loss)/earnings per share *(HK cents)*	**(2.63)**	1.27

As detailed in Note 3(iii), upon the early adoption of HKFRS 9, the profit attributable to the owners of the Company for the year ended 31 March 2017 decreased from HK$117,760,000 to HK$95,188,000 as restated and accordingly, the earnings per share for the year ended 31 March 2017 was restated from HK$1.57 per share to HK$1.27 per share.

For the year ended 31 March 2018 and 2017, the computation of diluted (loss)/earnings per share has not assumed the exercise the Company's outstanding share options since the adjusted exercise prices of these options were higher than the average market prices of shares for the outstanding period during years ended 31 March 2018 and 2017.

9 DIVIDEND

The Board of Directors does not recommend the payment of any dividend during the year (2017: Nil).

10 IMPAIRMENT ASSESSMENTS ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the year ended 31 March 2018, based on the impairment assessments on oil properties and construction-in-progress and oil exploitation licences relating to the crude oil segment, representing an individual cash generating unit ("CGU"), performed by the management, the recoverable amount of the CGU is estimated to be lower than the carrying amounts of these property, plant and equipment and intangible asset. Accordingly, impairment loss of approximately HK$42,706,000, HK$17,904,000 and HK$92,310,000 are recognised for oil properties, construction-in-progress under property, plant and equipment and oil exploitation licenses under intangible assets respectively, on a pro rata basis with reference to the carrying amount of these assets before impairment, for the year ended 31 March 2018.

11 TRADE RECEIVABLES

	31 March 2018	31 March 2017	1 April 2016
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Trade receivables	**598,677**	456,580	359,743
Allowance for credit losses	**(72,744)**	(44,843)	(28,271)
	525,933	411,737	331,472

Notes:

(a) As at 31 March 2018, included in the trade receivables were amounts due from clearing houses of approximately HK$3,452,000 (2017: HK$2,027,000) and amounts due from securities brokerage clients of approximately HK$781,000 (2017: HK$327,000).

(b) Before accepting any new customer, the Group uses an internal credit assessment system to assess the potential customer's credit quality and defines credit limits by customer. The management considers adequate allowance has been made at end of the year. Balances which are neither past due nor impaired are all receivable from customers with good historical repayment records and good credit quality.

(c) Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk. Overdue balances are regularly monitored by management.

(d) The settlement terms of trade receivables attributable to the securities brokerage business are two days after the trade date. For the remaining business of the Group, trade receivables are on general terms of 30 to 120 days.

(e) Aging analysis of gross trade receivables based on invoice date is as follows:

	31 March 2018	31 March 2017	1 April 2016
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days	**4,423**	342,332	178,547
More than 30 days but less than 3 months	**20,596**	–	72,463
More than 3 months but less than 1 year	**534,973**	104,109	94,768
More than 1 year	**38,685**	10,139	13,965
	598,677	456,580	359,743

12 LOANS RECEIVABLE

	31 March 2018	31 March 2017	1 April 2016
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Loans receivable from money lending business *(Note (a))*	**58,000**	104,860	19,913
Margin loans receivable *(Note (b))*	**31,598**	17,074	–
	89,598	121,934	19,913
Less: Allowance for credit losses			
– loans receivable	**(7,367)**	(10,898)	(1,673)
– margin loans receivable	**(8,298)**	–	–
	(15,665)	(10,898)	(1,673)
	73,933	111,036	18,240

Notes:

(a) Loans receivable to the extent of approximately HK58,000,000 (2017: HK$104,860,000), which arise from the money lending business of providing short-term loans to independent third parties in Hong Kong, are denominated in HK$.

The carrying amounts are determined using effective interest rates ranging from 22% to 54% (2017: 17% to 36%) per annum and are repayable with fixed terms ranging from three to twenty four months.

As at 31 March 2018, loans receivable of approximately HK$9,820,000 (2017: HK$58,438,000) bear interests ranging from 24% to 54% (2017: 17% to 36%) per annum, are unsecured and expected to be settled by the borrowers within 1 year. The management considers that the second mortgage loans are classified as unsecured loans due to the impediment in repossession of the mortgage properties and the practical difficulties to ascertain the residual collateral value after claim by first mortgagee.

As at 31 March 2018, loans receivable of approximately HK$48,180,000 (2017: HK$46,422,000) bear interests ranging from 22% to 36% (2017: 22% to 36%) per annum, are secured and expected to be settled by the borrowers within 1 year. These loans receivable are secured by unlisted equity securities.

Interest income of approximately HK$15,941,000 (2017: HK$19,625,000) for non-credit impaired loans receivable has been recognised as revenue in the consolidated income statement.

The maturity profile of the loans receivable based on maturity date which are neither past due nor impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Receivable on:		
1 month to 3 months	**–**	74,320
More than 3 months but less than 1 year	**14,528**	3,569
	14,528	77,889

(b) As at 31 March 2018, included in loans receivable was advances to margin clients in margin financing amounting to approximately HK$31,598,000 (2017: HK$17,074,000), which are bearing interest at commercial rates, secured by the underlying pledged listed securities and are repayable on demand.

In respect of the margin loans receivable advances to margin clients in margin financing with carrying amount of approximately HK$23,300,000 (2017: HK$17,074,000), the fair values of the collaterals of such margin loans can be Objectively ascertained to cover the outstanding amount of the loan balances.

13 TRADE PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**19,085**	132,005
Bills payable	**–**	3,192
	19,085	135,197

Notes:

(a) As at 31 March 2018, included in trade payables were amounts due to clearing houses of approximately HK$4,969,000 (2017: HK$2,186,000) and amounts due to securities brokerage clients of approximately HK$4,884,000 (2017: HK$6,596,000).

(b) The majority of trade payables are repayable on demand except where certain trade payables to securities brokerage clients represents margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

(c) Trade payables to securities brokerage clients also include those payables placed in trust and segregated accounts with authorised institutions of approximately HK$5,410,000 (2017: HK$5,056,000).

(d) No aging analysis is disclosed for amounts due to clearing house and securities brokerage clients as in the opinion of the directors, it does not give additional value in the view of these businesses.

(e) The following is an aging analysis of trade and bills payables excluding clearing house and securities brokerage clients presented based on the date of the bills at end of the year.

Aging analysis of trade payables based on invoice dates is as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 1 month	**86**	66,043
1 month to 3 months	**93**	20,986
More than 3 months but less than 1 year	**9,051**	36,194
Over 1 year	**2**	–
	9,232	123,223

Aging analysis of bills payable is as follows:

	2018	2017
	HK$'000	*HK$'000*
More than 3 months but less than 1 year	**–**	3,192

14 COMPARATIVE FIGURES

Due to early adoption of HKFRS 9, certain comparative figures have been restated to conform to current year's presentation and to provide comparative amounts in respect of items disclosed in 2017.

15 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

(i) During the period from April 2018 to September 2018, 浙江投融長富控股有限公司 ("Zhejiang Tou Rong"), an indirectly wholly-owned subsidiary of the Company, which Mr. Li Zhenjun ("Mr. Li", the former chairman of the board of directors and an executive director of the Company) was the legal representative and one of the directors of Zhejiang Tou Rong since its establishment, entered into several supply agreements with certain suppliers in the PRC and deposits of RMB48,000,000 (equivalent to approximately HK$56,364,000) in aggregate was made by Zhejiang Tou Rong in relation to these supply agreements with the authorisation of Mr. Li during the period from April 2018 to September 2018. Besides, Zhejiang Tou Rong made a prepayment amounting to RMB10,000,000 (equivalent to approximately HK$11,743,000) to a service provider in July 2018, for the provision of technical consultancy services. There is no valid contractual agreement entered into between Zhejiang Tou Rong and the service provider. According to the opinion from a PRC legal adviser, the recoverability of the abovementioned amount are remote, therefore, the prepayments to suppliers and service provider amounting to approximately HK$68,107,000 will be fully written-off for the year ended 31 March 2019. The Group will engage an independent PRC lawyer to take actions against the abovementioned offence including, but not limited to, collecting relevant evidence to the offence and reporting the offence to the PRC police.

In January 2019, the management aware that certain bank balance in a bank account of Zhejiang Tou Rong amounting to approximately RMB19,794,000 (equivalent to approximately HK$23,131,000) has been frozen by the governmental authorities since January 2019 as the bank balance is suspected to be related to a case which Mr. Li is one of the suspects. Up to the date when the consolidated financial statements are authorised for issue, the bank account remains frozen. According to the opinion from a legal adviser, the recoverability of the above mentioned amount is remote, therefore, the frozen bank balances accounting to approximately HK$23,131,000 will be fully written-off for the year ended 31 March 2019.

(ii) On 3 May 2019, the Group entered into the provisional sale and purchase agreement to dispose of an indirectly wholly owned subsidiary of the Company to an independent third party for a cash consideration of approximately HK$104,782,000. The concerned subsidiary owns investment property and is located at Units Nos. 11, 12, 13, 14 on 8th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong. The disposal transaction was completed on 19 July 2019 and the cash consideration has been fully settled by the acquirer in July 2019. The gain on disposal is expected to be approximately HK$25,000,000, which is calculated based on the consideration less net asset value of the disposed subsidiary as at 19 July 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW ON CONSOLIDATED OPERATING RESULTS

During the year ended 31 March 2018, the Group achieved a revenue of approximately HK$5,536,378,000 (2017: HK$13,832,372,000) and a gross profit of approximately HK$146,472,000 (2017: HK$312,721,000), representing a decrease of 60% and 53% from the year of 2017 respectively. The decrease in the Group's revenue and gross profit was mainly attributable to decrease in revenue of commodity trading segment.

The Group recorded consolidated operating loss of approximately HK$148,709,000 (2017 (restated): profit of HK$132,476,000) representing a decrease of 212% from the year of 2017. Operating loss of the Group was mainly attributable from decrease in revenue of commodity trading segment, impairment losses of intangible assets and property, plant and equipment in crude oil segment.

BUSINESS REVIEW

Commodity trading

In the reporting period, the commodity trading business contributed the majority revenue of the Group, amounting to approximately HK$5,500,164,000 (2017: HK$13,802,960,000) which accounted for 99.3% of the Group's revenue (2017: 99.8%), representing a decrease of 60% as compared with the year of 2017. This was mainly due to decrease in trading volume in non-oil product lines in particularly plastic materials products, chemical products and Indium Tin Oxide ("ITO") products during the reporting period.

On account of reduction of output, the oil price was rising. The demand and supply of oil product in both China's domestic and international market are basically balanced. And there was a slight increase in the demand for petroleum products compared to last year. However, due to the decrease in crude oil production, the volume of oil and chemical products decreased. For the reporting period, the trading volume of oil products of the Group decreased slightly as compared with last year. The reduction in trading volume of plastic products was the main reason for the reduction of total trading volume of the Group.

To reduce the reliance of few major customers and suppliers, the Group has recently put in place measures to gradually diversify both its customers with more diversified product lines as well as securing new suppliers.

As for the oil products trading, the Group recorded revenue of approximately HK$2,867,748,000 for the reporting period (2017: HK$3,046,253,000), representing a decrease of 6% as compared with 2017. A total of 40,634 tons (2017: 86,800 tons) and 637,839 tons (2017: 818,371 tons) of oil products were traded in China and other Asia Pacific countries respectively and maintaining steady gross profit.

To ensure a steady profit growth in commodity trading business and achieve risk diversification, our operating teams carried out non-oil product lines for trading since July 2015 such as plastic products, ITO products and display driver IC products. During the reporting period, revenue of approximately HK$2,630,149,000 (2017: HK$10,691,436,000) was generated from these product lines.

The commodity trading segment also includes trading of chemical products, the Group strived to maintain its loyal customers and suppliers for chemical products trading business during the reporting period. The revenue of approximately HK$2,267,000 was recognised for the year ended 31 March 2018 (2017: HK$65,271,000), representing a decrease of 97%.

Looking forward into the next year, our operation teams will put effort to expand markets and the business scale, including the trading transactions of more new product categories such as non-ferrous metal, and aim to lead the Group's commodity trading business into a new field and increase the Group's competitiveness in the field of commodity trading.

Crude oil

The Group owns 96% interest of an indirect subsidiary 齊齊哈爾市東北石油開發有限責任公司, which owns an oilfield project in Fularji District near Qiqihar City of Heilongjiang Province of China ("Oilfields").

During the reporting period, the modification works to the Oilfields has carried out in accordance to the local fire safety requirements in order to fulfill the qualification for the renewal of the《安全生產許可証》for the forthcoming operation in the Oilfields. The inspection of the fire safety modification has been completed and the Oilfields obtained the acceptance from the relevant governmental department for the PRC fire safety modification in November 2018.

During the reporting period, the supply in the international oil market was still ample. International oil prices continued to fluctuate at a low level. In view of the low oil prices and high production cost, the management considered to diminish the risk and loss by fine tuning the development plan in the Oilfields and slowing down the oil exploitation process in the Oilfields since last financial year. The management expected that the development progress will be further delayed.

Financial services

The financial services segment includes money lending, securities brokerage and asset management businesses.

(a) Money lending

Two indirect wholly-owned subsidiaries of the Company have obtained the money lending licences in Hong Kong. During the reporting period, interest revenue was approximately HK$15,941,000 (2017: HK$20,499,000), representing a decrease of 22% and maintained a steady profit.

The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. The market of money lending business by licensed money lenders in Hong Kong is keen and competitive. In order to optimise the funding use in business but also to ensure the compliance of the related laws and regulations, the operation team has established a credit policy and loan approval process to minimise the credit risk.

(b) Securities brokerage

An indirect wholly-owned subsidiary of the Company, namely China-Hong Kong Link Securities Company Limited ("CHKLS"), has obtained a licence by Securities and Futures Commission of Hong Kong to carry out type 1 (dealing in securities) regulated activities on 30 September 2015. The Group commenced the business on 30 March 2016. During the reporting period, CHKLS mainly provided securities brokerage, underwriting and placements services. CHKLS has successfully acted as placing agents, co-lead managers and underwriters for several listed companies in Hong Kong. During the reporting period, CHKLS has generated revenue of approximately HK$15,973,000 (2017: HK$5,749,000) to the Group, representing an increase of 178%.

(c) Asset management

To cope with the development strategy of stepping into the financial services market in Hong Kong, a newly acquired indirect wholly-owned subsidiary of the Company, namely China Hong Kong Link Asset Management Limited ("CHKLAM"), has successfully obtained a licence by Securities and Futures Commission of Hong Kong to carry out type 9 (asset management) regulated activities on 16 February 2017. On 7 May 2018, CHKLAM also successfully obtained a licence by Securities and Futures Commission of Hong Kong to carry out type 4 (advising on securities) regulated activities.

During the reporting period, the Company invested seed money into the funds, which were self-established and managed by our Group's asset management segment, the performance achieved 34% of return during the reporting period, approximately HK$18,522,000 was recognised in the "gain on fair value changes of financial assets at FVTPL" of the consolidated income statement.

Insurance

In August 2016, the Group entered into a shares purchase agreement with two independent third parties to acquire 100% equity interests in People Insurance Broker Limited ("People Insurance"). People Insurance is carrying out insurance brokerage service in Hong Kong with the licence to transact all types of general insurance business and long term insurance business in Hong Kong. During the reporting period, the insurance brokerage income was approximately HK$1,371,000 (2017: HK$929,000) representing an increase of 48%.

Business outlook and future prospect

In 2018, the performance of global economy is expected to grow stronger when the economic environment continues to improve. The economy of the PRC is expected to keep growing in a stable way, with its reported domestic growth domestic growth rate of 6.8% in the first-quarter 2018.

As Mainland China rolls out its "One Belt One Road" Initiative and closer ties evolve between Mainland China and Hong Kong financial markets. China continues to promote the progress of marketization of the financial systems. As the economic development of Guangdong-Hong Kong-Macao Bay Area comprising nine cities in the Pearl River Delta together with Hong Kong and Macau is in the pipeline, Hong Kong's leading position as an international financial centre for providing professional consultancy, legal and financial services will definitely be highlighted, and its economic growth will be fully benefitted. In the meantime, the market anticipates that the central government will launch more easing measures for stable growth so as to motivate the growth of economic data and make a turnaround of the negative market sentiment.

FINANCIAL REVIEW

For the financial year ended 31 March 2018, the Group has elected to early adopt HKFRS 9 "Financial Instruments", which results in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The Group has applied the standard retrospectively and restated the comparative figures.

Revenue and operating review

The Group recorded a consolidated revenue of approximately HK$5,536,378,000 (2017: HK$13,832,372,000), representing a decrease of 60% from the year of 2017. The Group's loss for the year attributable to owners of the Company was approximately HK$199,630,000 (2017 (restated): profit of approximately HK$95,188,000). Basic loss per share of HK$2.63 cents (2017 (restated): basic earnings per share of HK$1.27 cents). The decline of the Group's results was mainly due to the decrease in revenue in commodity trading segment, impairment losses of intangible assets and property, plant and equipment in crude oil segment and increase in interest expenses on bonds.

Allowance for credit losses on trade receivables

The Group's largest customer within the commodity trading segment which has a significant outstanding trade receivable balance due to the Group with gross carrying amount of HK$551,620,000 as at 31 March 2018 was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at 31 March 2018, impairment allowance of HK$47,000,000 was made on the trade receivables due from the Group's largest customer. Subsequent to 31 March 2018, with management's follow up actions to chase the outstanding receivable, the trade receivable due from the Group's largest customer has been fully settled by the customer in June 2018.

Impairment assessments on property, plant and equipment and intangible assets

During the year ended 31 March 2018, based on the impairment assessments on oil properties and construction-in-progress and oil exploitation licences relating to the crude oil segment, representing an individual cash generating unit ("CGU"), performed by the management, the recoverable amount of the CGU is estimated to be lower than the carrying amounts of these property, plant and equipment and intangible asset. Accordingly, impairment loss of approximately HK$42,706,000, HK$17,904,000 and HK$92,310,000 are recognised for oil properties, construction-in-progress under property, plant and equipment and oil exploitation licenses under intangible assets respectively, on a pro rata basis with reference to the carrying amount of these assets before impairment, for the year ended 31 March 2018.

Working capital

As at 31 March 2018, the Group's current assets were kept at approximately HK$1,126,094,000 (2017 (restated): HK$1,011,382,000) whilst current liabilities were approximately HK$158,993,000 (2017: HK$338,470,000). The current ratio, being the proportion of total current assets against current liabilities, was 7.1 (2017 (restated): 3.0). The Directors consider that the present working capital level is conservatively sufficient to meet the upcoming operating needs.

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flows and facilities provided by its principal bankers in Hong Kong and in China.

The Group had cash and bank balances of approximately HK$348,923,000 as at 31 March 2018 (2017: HK$278,866,000). The Group had cash and bank balances which were mostly held in Hong Kong dollars and Renminbi.

As at 31 March 2018, the Group's outstanding bank borrowings and bonds were approximately HK$29,477,000 (2017: HK$32,818,000) and HK$619,771,000 (2017: HK$439,227,000) respectively, while total assets were approximately HK$1,371,502,000 (2017 (restated): HK$1,391,626,000).

The gearing ratio, calculated by dividing the total borrowings by the total assets, was 47% as at 31 March 2018 (2017 (restated): 34%).

Pledged assets

As at 31 March 2018, the Group pledged the following assets to secure the Group's trading facilities:

(1) Corporate guarantee executed by the Company for an unlimited amount (2017: same);

(2) Investment properties with carrying values of HK$103,887,000 (2017: HK$106,118,000).

INFORMATION ON CRUDE OIL RESERVES AS OF 31 MARCH 2017

During the reporting period, the management appointed APEX Reservoir Service Inc. ("APEX") as independent professional technical valuer (the "Technical Valuer") to evaluate the estimated oil reserve and recoverable amount of Qiqihar oilfield for impairment assessment purpose as of 31 March 2018.

The reserves evaluation performed by APEX was conducted in accordance with Petroleum Resources Management System (the "PRMS"), an internationally recognised reserve standards and guideline. The evaluation subject was petroleum asset (the "Asset") owned by the Company in Fulaerji Oilfield, including Fu 710, Fu 718 and Meilisi 723. The management of the Group has accepted the newly calculated reserve and a set of technical and economic parameters proposed by APEX (including discount rates, oil price and cost projections, and oilfield development plan) as the basis for recoverable amount calculations. According to the

PRMS definition, the oil reserve should be classified into Proved reserve ("P1"); Probable reserve ("P2") and Possible reserve ("P3"). Based on management internal assessment of reserve, the total 1P, 2P ("sum of P1 and P2") and 3P ("sum of P1, P2 and P3") reserve of Qiqihar oilfields as of 31 March 2018, are approximately 521,000 tons, 1,310,000 tons and 1,904,000 tons respectively.

Report on crude oil reserve

	Proved reserve *('000 tons)*	**Probable reserve** *('000 tons)*	**Possible reserve** *('000 tons)*	**Total oil reserve** *('000 tons)*
Crude oil reserve				
As at 1 April 2016	602	922	447	1,971
Adjustment to estimation*	(56)	(98)	217	63
As at 31 March 2017	546	824	664	2,034
Adjustment to estimation*	(24)	(35)	(71)	(130)
As at 31 March 2018	522	789	593	1,904

* *During the year ended 31 March 2018, adjustments were made due to the crude oil price depreciation and the change in market condition (2017: due to the crude oil price appreciation).*

Reserve evaluation criteria

The volumetric estimate method was used to calculate hydrocarbon in place and then recover using the huff and puff recovery method and oil reservoir fire-flooding thermal-ignition method. As at 31 March 2018, APEX has used the deterministic method (as opposed to the probabilistic method) to calculate the reserves estimates, in which three discrete scenarios were delineated to represent high, medium and low cases.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at end of the reporting year.

EXPOSURE TO FOREIGN EXCHANGE RISK AND INTEREST RATE RISK

The Group's business transactions are mainly denominated in United Stated dollars, Hong Kong dollars and Renminbi. Most of the Group's bank borrowings are interest bearing at floating rate basis. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The Group also uses derivative financial instruments to manage interest rate exposures for hedging purpose only.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group has an aggregate of 76 (2017: 83) employees of which about 23 (2017: 25) were located in mainland China while the rest were based in Hong Kong, Republic of Kazakhstan and Macau. The employees' remuneration package includes salary, bonus and share options. Pursuant to the Group's remuneration policy, employees are rewarded on the basis of merit and market conditions and in accordance with the statutory requirements of the respective jurisdiction where the employees locate.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend during the year (2017: Nil).

CORPORATE GOVERNANCE

The Group has adopted the Corporate Governance Code ("Code") as set out in Appendix 14 of the Listing Rules as the corporate governance codes of the Company.

During the reporting year, the Company has adopted and complied with all the Code Provisions set out in the Code except for the deviations as follows:

The Independent Non-executive Directors ("INEDs") of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the reporting period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any of the securities of the Company during the year.

REVIEW OF FINANCIAL STATEMENTS

The Group's consolidated financial statements and annual results for the year ended 31 March 2018 have been reviewed by the Company's Audit Committee which comprises three INEDs and one Non-executive Director.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year, there was no material acquisition or disposal of subsidiaries, associates and joint ventures of the Company.

AUDITORS

Moore Stephens CPA Limited was appointed as the auditors of the Group with effect from 11 June 2019 upon resignation of PricewaterhouseCoopers and they will hold office until conclusion of the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Moore Stephens CPA Limited as auditors of the Company until the conclusion of the next annual general meeting.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2018 have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Moore Stephens 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The electronic version of this announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and on the Company's website (http://www.trcf.com.hk). The annual report for the year ended 31 March 2018 will be dispatched to shareholders of the Company and published on the Stock Exchange's website and the Company's website in due course.

By order of the Board of
Tou Rong Chang Fu Group Limited
Huang Guobiao
Chairman

Hong Kong, 8 November 2019

As at the date hereof, the Board comprises (i) four executive Directors, namely Mr. Huang Guobiao, Mr. Chen Yongsheng, Mr. Wong Kwok Leung and Mr. Gan Xiaohua; (ii) two non-executive Directors, namely Mr. Poon Wai Kong and Mr. Wu Hao; and (iii) three independent non-executive Directors, namely Chan Shu Kin, Mr. Cheung Kwan Hung and Mr. Chiu Wai Piu.