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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Tou Rong Chang Fu Group Limited (the "Company") is pleased to present the unaudited interim results for the six months ended 30 September 2018 of the Company and its subsidiaries (together, the "Group"), together with the comparative figures for the last corresponding financial period.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2018

(Expressed in Hong Kong dollars)

	Notes	(Unaudited) 30 September 2018 HK$'000	(Unaudited) 30 September 2017 HK$'000 (Restated)
Revenue	4	**82,356**	3,987,111
Cost of sales		**(33,001)**	(3,887,305)
Gross profit		**49,355**	99,806
Other (losses)/gains, net	5	**(29,200)**	17,155
Allowance for credit losses on trade receivables		**(54,770)**	(2,583)
Reversal of allowance/(allowance) for credit losses on loans receivable		**3,969**	(22,274)
Selling and distribution costs		**(4,160)**	(11,552)
Administrative expenses		**(40,846)**	(50,268)
Operating (loss)/profit		**(75,652)**	30,284
Finance income	6	**354**	34
Finance costs	6	**(32,573)**	(25,103)
(Loss)/profit before taxation		**(107,871)**	5,215
Income tax expenses	7	**(663)**	(1,370)
(Loss)/profit for the period		**(108,534)**	3,845
(Loss)/profit for the period attributable to:			
Owners of the Company		**(107,526)**	4,857
Non-controlling interests		**(1,008)**	(1,012)
		(108,534)	3,845
(Loss)/earnings per share *(HK cents)*	8		
Basic and diluted		**(1.20)**	0.06

Note: The Group has initially applied HKFRS 15 at 1 April 2018. The Group has chosen to apply the modified retrospective approach and under such transition method chosen, comparative information is not restated and certain comparative information may not be comparable. See Note 3(c).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018
(Expressed in Hong Kong dollars)

	(Unaudited) 30 September 2018 *HK$'000*	(Unaudited) 30 September 2017 *HK$'000* (Restated)
(Loss)/profit for the period	**(108,534)**	3,845
Other comprehensive (expense)/income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(16,673)**	7,306
Item that will not be reclassified subsequently to profit or loss:		
Loss on fair value changes of financial assets at fair value through other comprehensive income	**–**	(4,978)
Other comprehensive (expense)/income for the period	**(16,673)**	2,328
Total comprehensive (expense)/income for the period	**(125,207)**	6,173
Total comprehensive (expense)/income attributable to:		
Owners of the Company	**(123,345)**	7,157
Non-controlling interests	**(1,862)**	(984)
	(125,207)	6,173

Note: The Group has initially applied HKFRS 15 at 1 April 2018. The Group has chosen to apply the modified retrospective approach and under such transition method chosen, comparative information is not restated and certain comparative information may not be comparable. See Note 3(c).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

(Expressed in Hong Kong dollars)

	Notes	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**24,018**	26,580
Investment properties		**102,771**	103,887
Intangible assets		**28,470**	30,900
Interests in associates		**–**	–
Prepayments, deposits and other receivables		**62,779**	52,391
Financial assets at fair value through other comprehensive income		**4,079**	4,079
Financial assets at fair value through profit or loss		**27,571**	27,571
		249,688	245,408
Current assets			
Inventories		**1,097**	1,182
Trade receivables	*10*	**719,445**	525,933
Loans receivable	*11*	**103,876**	73,933
Prepayments, deposits and other receivables		**155,546**	122,748
Financial assets at fair value through profit or loss		**18,969**	46,747
Current income tax recoverable		**1,229**	1,218
Client trust bank balances		**4,704**	5,410
Cash and cash equivalents		**126,004**	348,923
		1,130,870	1,126,094
Total assets		**1,380,558**	1,371,502

	Notes	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**89,679**	89,679
Reserves		**381,254**	504,599
		470,933	594,278
Non-controlling interests		**(3,766)**	(1,496)
Total equity		**467,167**	592,782
Liabilities			
Non-current liabilities			
Deferred tax liabilities		**703**	547
Bonds		**652,147**	619,180
		652,850	619,727
Current liabilities			
Trade payables	*12*	**160,937**	19,085
Contract Liabilities	*13*	**14,411**	–
Accruals and other payables		**37,165**	108,831
Bank borrowings		**33,727**	29,477
Current income tax liabilities		**1,119**	1,009
Bonds		**13,182**	591
		260,541	158,993
Total liabilities		**913,391**	778,720
Total equity and liabilities		**1,380,558**	1,371,502

Note: The Group has initially applied HKFRS 15 at 1 April 2018. The Group has chosen to apply the modified retrospective approach and under such transition method chosen, comparative information is not restated and certain comparative information may not be comparable. See Note 3(c).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 the 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 interim results of the Group for the six months ended 30 September 2018, and the despatch of annual report of the Group for the year ended 31 March 2018 and interim report of the Group for the six months ended 30 September 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 condensed consolidated interim financial information is presented in Thousands of Hong Kong Dollars ("HK$'000"), unless otherwise stated.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS").

3 PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2018, as described in those annual financial statements.

(a) New standard, interpretation and amendments to existing standards adopted in current period

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

Except for described in Note 3(c), the application of the new standard, interpretation and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated interim financial information.

(b) 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
HKFRS 16 *(Note)*	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019

Standards	Subject	Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of "Materials"	1 January 2020
Amendments to HKAS 19	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term Interests in an Associate or Joint Venture	1 January 2019
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:

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$6,657,000. 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 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.

(c) Change in accounting policy

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time from 1 April 2018. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts' and the related interpretations.

The Group has chosen to apply HKFRS 15 retrospectively with the cumulative effect of initial application of this standard being recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Trading of commodities and chemical products
- Trading of petroleum products
- Exploitation and sale of crude oil
- Leasing of investment properties
- Money Lending, securities brokerage and asset management business
- Others

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Notes 4 and below note 3(d) respectively.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included. Comparative information is not restated.

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Accruals and other payables			
– Receipts in advance from customers	13,874	(13,029)	845
Contract liabilities	–	13,029	13,029

As at 1 April 2018, receipts in advance from customers of HK$13,029,000 in respect of contracts with customers previously included in accruals and other payables were reclassified to contract liabilities.

Determining whether the Group is acting as an agent or a principal under HKFRS 15 differs from HKAS 18 as a result of the shift from the risk-and-reward approach to transfer-of-control approach. Under the HKAS 18, the Group concluded that it was a principal in the transaction when it has exposure to the significant risks, including credit risk, and rewards associated with the sales of goods. The Group considers several indicators under the transfer-of-control approach under HKFRS 15 and determines that the Group is acting as an agent in trading of commodities and chemical products, although the Group still exposes to credit risk in these sales transactions.

This change in accounting policies resulted in a reduction of revenue by HK$1,514,402,000 for the six months ended 30 September 2018. Revenue from trading of commodities and chemical products reported on gross basis for the six months ended 30 September 2017 amounted to HK$3,987,111,000.

The application of HKFRS 15 has had no other material impact on the Group's accumulated losses as at 1 April 2018 and the loss for the six months ended 30 September 2018.

Disclosure of the estimated impact on the amounts reported in respect of the six months ended 30 September 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's condensed consolidated interim financial information for the six months ended 30 September 2018, by comparing the amounts reported under HKFRS 15 in these condensed consolidated interim financial information with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if those superseded standards had continued to apply to the same period of 2017 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 **<A>** *HK$'000*	**Hypothetical amounts under HKAS 18** **<B>** *HK$'000*	**Difference: Estimated impact of adoption of HKFRS 15 in current period** **<A> – <B>** *HK$'000*
Line items in the interim condensed consolidated income statement for the six months ended 30 September 2018 impacted by the adoption of HKFRS 15:			
Revenue	82,356	1,596,758	(1,514,402)
Cost of sales	(33,001)	(1,547,403)	1,514,402

The significant differences arise as a result of the changes in accounting policies described above.

(d) Accounting policies on revenue recognition

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3(c)).

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. When the Group acts as a principal, it recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred.

Indicators taken into account by management of the Group to determine whether the Group acts as a principal or an agent include, but are not limited to, the following:

(a) whether the entity is primarily responsible for fulfilling the promise to provide the specified good or service;

(b) whether the entity has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return);

(c) whether the entity has discretion in establishing the price for the specified good or service, indicating that the entity has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits; and

(d) whether the entity bears the customer's credit risk for the amount receivable from the customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales of commodities and chemical products

Revenue from sales of commodities and chemical products are recognised on a net basis as the Group only involves in arranging for the provision of commodities and the Group does not obtain the control over the goods before passing on to customers.

Revenue is recognised when goods are transferred to customers which are taken to be the point in time when control of the goods has transferred, being when the goods have been shipped to the customer's specific location on which the customer's obtain control of the goods.

Commission income for security brokerage

Brokerage and commission income are recognised on a gross basis at the rate agreed in the contract with customers at the point when the transaction of securities trading is completed.

Commission income for insurance brokerage

Brokerage and commission income are recognised on a gross basis at the rate agreed in the contract with customers at the point when the terms of the insurance policy have been agreed contractually by the insurer and policyholder, and the insurer has a present right to payment from the policyholder.

Rental income

Revenue from rental income from investment properties is recognised in the condensed consolidated income statement in accordance with HKAS 17 on a straight-line basis over the term of the lease.

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenue from sale of crude oil, commodities and chemical products is recognised when the goods are delivered and title has passed.

(ii) Revenue from rental income from investment properties is recognised in the income statement on a straight-line basis over the term of the lease.

(iii) Revenue from money lending and interest income is recognised using the effective interest method.

(iv) Revenue on financial services from brokerage and commission is recognised once duties under the service contracts are performed.

(v) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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 interest income on bank deposits, central management fee income, central administration costs, directors' emoluments, (loss)/gain on fair value changes of financial assets at fair value through profit or loss and interest expenses.

The CODM also reviews the earnings/loss before net finance income and costs, income tax expense, depreciation and amortisation, 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 performances and allocating resources among segments, all assets are allocated to operating segments other than interests in associates, financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("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 operating segments:

(i) **For the six months ended 30 September 2018 (unaudited)**

	Commodity trading *HK$'000* *(Note (ii))*	Crude oil *HK$'000*	Property investment *HK$'000*	Financial services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from contracts with customers within scope of HKFRS 15						
External and total revenue recognised at point in time						
– on a gross basis	34,811	–	–	2,444	1,310	38,565
– on a net basis *(Note (ii))*	28,735	–	–	–	–	28,735
	63,546	–	–	2,444	1,310	67,300
Revenue not within scope of HKFRS 15						
Loan interest income	–	–	–	13,498	–	13,498
Rental income	–	–	1,558	–	–	1,558
	63,546	–	1,558	15,942	1,310	82,356
Segment EBITDA/(LBITDA)	(50,782)	(1,236)	(638)	11,778	(1)	(40,879)
Segment depreciation and amortisation	(316)	(742)	(1,134)	(110)	(2,083)	(4,385)
Segment results	(51,098)	(1,978)	(1,772)	11,668	(2,084)	(45,264)
Unallocated expenses						(30,388)
Interest income on bank deposits						354
Interest expenses						(32,573)
Loss before taxation						(107,871)

(ii) Performance obligations for contracts with customers

The Group sells commodities and chemical products to customers. The performance obligation is to arrange for the provision of commodities as the Group did not obtain the control over the goods before passing on to customers taking into consideration indicator such as the Group is not exposed to inventory risk, although the Group still exposes to credit risk in these sales transactions.

(iii) For the six months ended 30 September 2017

	(unaudited)					
	Commodity trading	Crude oil	Property investment	Financial services	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)			(Restated)		(Restated)
Segment revenue	3,965,393	–	1,392	16,311	4,015	3,987,111
Segment EBITDA/(LBITDA)	75,537	(1,491)	829	(11,608)	489	63,756
Segment depreciation and amortisation	(760)	(10,731)	(1,121)	(104)	(2,106)	(14,822)
Segment results	74,777	(12,222)	(292)	(11,712)	(1,617)	48,934
Unallocated expenses						(18,650)
Interest income on bank deposits						34
Interest expenses						(25,103)
Profit before taxation						5,215

(b) Segment assets

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

	(Unaudited) As at 30 September 2018	(Audited) As at 31 March 2018
	HK$'000	*HK$'000*
Segment assets		
Commodity trading	**752,110**	640,636
Crude oil	**19,011**	20,468
Property investment	**100,528**	104,311
Financial services	**115,873**	97,166
Others	**13,668**	15,116
Total segment assets	**1,001,190**	877,697
Unallocated	**379,368**	493,805
Total assets	**1,380,558**	1,371,502

5 OTHER (LOSSES)/GAINS, NET

	(Unaudited) Six months ended 30 September 2018	(Unaudited) Six months ended 30 September 2017
	HK$'000	*HK$'000*
	(Restated)	
Exchange (losses)/gains, net	**(21,911)**	9,614
(Loss)/gain on fair value changes of financial assets at FVTPL	**(7,289)**	1,663
Write back of consideration payables	**–**	5,878
	(29,200)	17,155

6 FINANCE COSTS, NET

	(Unaudited)	(Unaudited)
	30 September	30 September
	2018	2017
	HK$'000	*HK$'000*
– bonds	**(32,043)**	(24,736)
– bank borrowings	**(530)**	(367)
	(32,573)	(25,103)
Interest income on bank deposits	**354**	34
Finance costs, net	**(32,219)**	(25,069)

7 INCOME TAX EXPENSES

	(Unaudited)	(Unaudited)
	Six months	Six months
	ended	ended
	30 September	30 September
	2018	2017
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**662**	1,552
Deferred income tax	**1**	(182)
Income tax expenses	**663**	1,370

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 condensed consolidated interim financial information. Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2017: 16.5%) of the estimated assessable profit for the period.

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% (six months ended 30 September 2017: 25%). Under the applicable corporate tax law in Macau, profits tax is charged at 12% (six months ended 30 September 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 six months ended 30 September 2018 (six months ended 30 September 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 period attributable to owners of the Company by the weighted average number of shares in issue during the reporting period.

	(Unaudited) Six months ended 30 September 2018	(Unaudited) Six months ended 30 September 2017 (Restated)
(Loss)/profit for the period attributable to the owners of the Company *(HK$'000)*	**(107,256)**	4,857
Weighted average number of ordinary shares in issue *(shares in thousands)*	**8,967,876**	7,550,724
Basic (loss)/earnings per share *(HK cents)*	**(1.20)**	0.06

For the six months ended 30 September 2017, the computation of diluted loss 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 the six months ended 30 September 2017.

No diluted loss per share for the six months ended 30 September 2018 is presented as there is no potential ordinary shares in issue for the six months ended 30 September 2018.

9 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

10 TRADE RECEIVABLES

	(Unaudited) 30 September 2018	(Audited) 31 March 2018
	HK$'000	*HK$'000*
Trade receivables	**846,959**	598,677
Allowance for credit losses	**(127,514)**	(72,744)
	719,445	525,933

Notes:

(a) As at 30 September 2018, included in the trade receivables were amounts due from clearing houses of approximately HK$3,154,000 (31 March 2018: HK$3,452,000) and amounts due from securities brokerage clients of approximately HK$300,000 (31 March 2018: HK$781,000).

(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:

	(Unaudited)	(Audited)
	30 September	31 March
	2018	2018
	HK$'000	*HK$'000*
Less than 30 days	**3,464**	4,423
More than 30 days but less than 3 months	**223,532**	20,596
More than 3 months but less than 1 year	**588,785**	534,973
Over 1 year	**31,178**	38,685
	846,959	598,677

(f) 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 approximately HK$781,580,000 (2018: HK$551,620,000) as at 30 September 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 30 September 2018, impairment allowance of HK$55,000,000 was made on the trade receivables due from the Group's largest customer. Subsequent to 30 September 2018, with management's follow up actions to chase the long-outstanding receivable, trade receivable due from the Group's largest customer has been fully settled by the customer in June 2019.

11 LOANS RECEIVABLE

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Loans receivable *(Note (a))*	**97,748**	58,000
Margin loans receivable *(Note (b))*	**17,824**	31,598
	115,572	89,598
Less: Allowance for credit losses		
– loans receivable *(Note (a))*	**(7,013)**	(7,367)
– margin loans receivable *(Note (b))*	**(4,683)**	(8,298)
	(11,696)	(15,665)
	103,876	73,933

Notes:

(a) Loans receivable to the extent of approximately HK$97,748,000 (31 March 2018: HK$58,000,000), which arise from the money lending business of providing short-term loans to independent third parties in Hong Kong, are denominated in HK$.

The carrying amounts are determined using effective interest rates ranging from 22% to 54% (31 March 2018: 22% to 54%) per annum and are repayable with fixed terms ranging from three to twenty four months.

As at 30 September 2018, loans receivable of approximately HK$8,537,000 (31 March 2018: HK$9,820,000) bearing interests ranging from 27% to 54% (31 March 2018: 24% to 54%) 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 30 September 2018, loans receivable of approximately HK$89,211,000 (31 March 2018: HK$48,180,000) bearing interests ranging from 22% to 54% (31 March 2018: 22% to 36%) per annum, are secured and expected to be settled by the borrowers within 1 year. These loans receivable are secured by properties located in Hong Kong, equity securities listed in Hong Kong and unlisted equity securities.

Interest income of approximately HK$11,586,000 (six months ended 30 September 2017: HK$11,341,000) for non-credit impaired loans receivable has been recognised as revenue in the condensed consolidated income statement.

The maturity profile of the loans receivable based on maturity date which are past due nor impaired is as follows:

	(Unaudited)	(Audited)
	30 September	31 March
	2018	2018
	HK$'000	*HK$'000*
Receivable in:		
Less than 1 month	**9,862**	–
1 month to 3 months	**–**	–
More than 3 months but less than 1 year	**44,857**	14,528
	54,719	14,528

(b) As at 30 September 2018, included in loans receivable was advances to margin clients in margin financing amounting to approximately HK$17,824,000 (31 March 2018: HK$31,598,000), which are bearing interest at commercial rates, secured by the underlying pledged securities and are repayable on demand.

In respect of the margin loans receivable advances to margin clients in margin financing with net carrying amount of HK$13,141,000 (31 March 2018: HK$23,300,000), the fair values of the collaterals of such margin loans can be objectively ascertained to cover the outstanding amount of the loan balances.

12 TRADE PAYABLES

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Trade payables *(Note (a))*	**160,937**	19,085

Notes:

(a) As at 30 September 2018, included in the trade payables were amounts due to clearing houses of approximately HK$2,558,000 (31 March 2018: HK$4,969,000) and amounts due to securities brokerage clients of approximately HK$4,663,000 (31 March 2018: HK$4,884,000).

(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 HK$4,704,000 (31 March 2018: HK$5,410,000).

(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 payables excluding clearing house and securities brokerage clients presented at end of the reporting period.

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

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Less than 1 month	**73,101**	86
1 month to 3 months	**6,395**	93
More than 3 months but less than 1 year	**74,167**	9,051
Over 1 year	**53**	2
	153,716	9,232

13 CONTRACT LIABILITIES

	30 September 2018	1 April* 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities	14,411	13,029	–

* *The amounts in this column are after the adjustment from the application of HKFRS 15.*

Contract liabilities in relation to trading of commodities and chemical products represent prepayment received from the customers prior to delivery commodities and chemical products. The Group have no particular policy on the amounts to be received prior to the delivery of commodities and chemical products and it is negotiated with customers on contact by contact basis.

For the contract liabilities as at 1 April 2018, the entire balance is recognised as revenue in the profit or loss during the six months ended 30 September 2018.

14 EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 3 May 2019, the Group entered into the provisional sale and purchase agreement to dispose of an indirect 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 six months ended 30 September 2018, the Group achieved a revenue of approximately HK$82,356,000 (six months ended 30 September 2017: HK$3,987,111,000[#]), and a gross profit of approximately HK$49,355,000 (six months ended 30 September 2017: HK$99,806,000), representing a decrease of 98% and 51% from the same period of 2017 respectively.

The decrease in the Group's revenue was mainly due to the impact of initially adoption of HKFRS 15 at 1 April 2018 in relation to the revenue recognition by shifting from the risk-and-reward approach under HKAS 18 to transfer-of-control approach under HKFRS 15. Under the transition method chosen, comparative information is not restated. By considering the aggregation of total sales from customers in commodity trading segment and revenue in other segments of the Group, the Group achieved gross income of approximately HK$1,597,217,000 (six months ended 30 September 2017: HK$3,987,111,000), representing a decrease of 60% from the same period of 2017. Such decrease was mainly attributable to decrease in sales from customers of the commodity trading segment.

While the decrease in gross profit was mainly attributable to decrease in trading volume in the commodity trading segment.

The Group recorded consolidated operating loss of approximately HK$75,652,000 (six months ended 30 September 2017: profit of HK$30,284,000) representing a decrease of 350% from the same period of 2017. Operating loss of the Group was mainly due to decrease in revenue in commodity trading segment and allowance for credit losses on trade receivables.

Business review

Commodity trading

In the reporting period, the commodity trading business contributed the majority revenue of the Group, amounting to approximately HK$63,546,000 (six months ended 30 September 2017: HK$3,965,393,000#) which accounted for 77.2% of the Group's revenue (six months ended 30 September 2017: 99.5%), representing a decrease of 98% as compared with the same period in 2017. Such decrease was mainly due to the impact of initially adoption of HKFRS 15 at 1 April 2018. Under the transition method chosen, comparative information is not restated. Whereas the total sales from customers for the reporting period was approximately HK$1,577,948,000 (six months ended 30 September 2017: HK$3,965,393,000), representing a decrease of 60% as compared with the same period of 2017, such decline was mainly due to a decrease in trading volume in non-oil product lines in particularly plastic materials products and chemical products during the reporting period.

The demand and supply of oil product in both China's domestic and international market took a turn for being excessive again after returning to a balance. The international oil price experienced a rise generally as compared with last year. Due to geopolitical risks and frequent unexpected events, the oil price fluctuated frequently in a short period in the reporting period. During the reporting period, the trading volume of oil products of the Group decreased as compared with the same period of 2017. 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 sales from customers of approximately HK$1,513,428,000 for the reporting period (six months ended 30 September 2017: HK$1,871,657,000), representing a decrease of 19.1% as compared with 2017. A total of 287,920 tons (six months ended 30 September 2017: 440,532 tons) of oil products were traded in China and other Asia Pacific countries and maintaining steady gross profit.

The Group has initially adopted HKFRS 15 at 1 April 2018. Under the transition method chosen, comparative information is not restated.

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 such as chemical products, display driver IC products and non-ferrous metals. During the reporting period, revenue of approximately HK$64,520,000 (six months ended 30 September 2017: HK$2,093,736,000) was generated from these product lines.

Looking forward into the next half of the 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 owned 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.

During the reporting period, for the purpose of renewing the licence《安全生產許可証》for the forthcoming operation in the Oilfield, the modification works to the Oilfield have been completed in accordance with the local fire safety requirements and the inspection of the fire safety modification has been completed. The Oilfield subsequently obtained the acceptance from the relevant governmental department for the PRC fire safety modification in November 2018. The renewal of the licence 《安全生產許可証》is expected to be completed by late of 2019.

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. For the six months ended 30 September 2018, interest revenue was HK$11,586,000 (six months ended 30 September 2017: HK$11,341,000) representing an increase of 2% 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 maximise the market share in this 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 undertaken the roles of 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$4,355,000 (six months ended 30 September 2017: HK$4,822,000) to the Group.

(c) Asset management

To cope with the development strategy of stepping into the financial services market in Hong Kong, an 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.

Insurance brokerage

In August 2016, the Group's wholly owned subsidiary, namely 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$1,310,000 (six months ended 30 September 2017: HK$4,015,000) representing a decrease of 67% and maintained a steady profit.

Financial review

Revenue and operating results

The Group recorded a consolidated revenue of approximately HK$82,356,000 (six months ended 30 September 2017: HK$3,987,111,000#), representing a decrease of 98% from the same period in 2017. The Group's loss for the period attributable to owners of the Company was approximately HK$107,526,000 (six months ended 30 September 2017: profit of HK$4,857,000). Basic loss per share was HK$1.20 cents (six months ended 30 September 2017: basic earnings per share of HK$0.06 cents). The decline of the Group's results was mainly due to the decrease in trading profit in commodity trading segment, allowance for credit losses on trade receivables and increase in interest expenses on bonds.

Working capital

As at 30 September 2018, the Group's current assets were kept at approximately HK$1,130,870,000 (31 March 2018 restated: HK$1,126,094,000) whilst current liabilities were approximately HK$260,541,000 (31 March 2018 restated: HK$158,993,000). The current ratio, being the proportion of total current assets against current liabilities, was 4.4 (31 March 2018 restated: 7.1). 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 cash equivalent of approximately HK$126,004,000 at 30 September 2018 (31 March 2018: HK$348,923,000). The Group had cash and bank balances which were mostly held in Hong Kong dollar and Renminbi.

At 30 September 2018, the Group's outstanding bank borrowings and bonds were approximately HK$33,727,000 (31 March 2018: HK$29,477,000) and HK$665,329,000 (31 March 2018: HK$619,771,000) respectively, while total assets were approximately HK$1,380,558,000 (31 March 2018: HK$1,371,502,000).

The Group has initially adopted HKFRS 15 at 1 April 2018. Under the transition method chosen, comparative information is not restated.

The gearing ratio, calculated by dividing the total bank borrowings and bonds by the total assets, was equal to 50% at 30 September 2018 (31 March 2018: 47%).

Pledge of assets

Pledged assets

As at 30 September 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 (31 March 2018: same);

(2) Investment properties with carrying values of HK$80,704,000 (31 March 2018: HK$103,887,000).

Contingent liabilities

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

Exposure to foreign exchange risk and interest rate risk

The Group's business transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Most of the Group's bank borrowings are interest bearing at floating rate basis. The management monitors foreign currency exposure and will consider hedging significant foreign currency exposures 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 30 September 2018, the Group had an aggregate of 77 employees (30 September 2017: 78) of which about 25 employees (30 September 2017: 25) were located in Mainland China while the rest were based in Hong Kong, Kazakhstan and Macau. The employee's remuneration package includes salary, bonus, share options and awarded shares. 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 located.

Interim Dividend

The Board of Directors does not recommend the payment of any dividend during the reporting period (six months ended 30 September 2017: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' Interest in Competing Business

None of the Directors has an interest in a business which competes or may compete with the business of the Group.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the six months ended 30 September 2018.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

Corporate Governance

The Group is committed to maintain good corporate governance standard and procedures.

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

Throughout the six months ended 30 September 2018, the Company has complied with all the code provisions set out in the Code except for the following:

Code Provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election.

The Non-executive Directors (including the Independent Non-executive Directors) 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.

Audit Committee

The Audit Committee comprises Mr. Chan Shu Kin, Mr. Cheung Kwan Hung and Mr. Chiu Wai Piu, the Independent Non-executive Directors of the Company and Mr. Wu Hao, the Non-Executive Director of the Company. The objectives of the Audit Committee are to review and oversee the Group's financial reporting and internal control systems.

During the period under review, the Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls, risk management and financial matters including the review of the unaudited interim report of the Group for the six months ended 30 September 2018.

Compliance with the Model Code

The Group 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. Having made specific enquiry of all directors, all directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the review period.

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.