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 2019

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 2019 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 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**105,502**	5,536,378
Cost of sales		**(35,436)**	(5,389,906)
Gross profit		**70,066**	146,472
Other losses, net	*5*	**(5,971)**	(120,043)
Allowance for credit losses on trade receivables		**(171,626)**	(38,040)
Allowance for credit losses on loans receivable		**(26,631)**	(21,024)
Selling and distribution costs		**(8,449)**	(20,555)
Administrative expenses		**(106,050)**	(95,519)
Loss of assets	*6*	**(91,238)**	–
Operating loss		**(339,899)**	(148,709)
Finance income	*7*	**569**	61
Finance costs	*7*	**(65,708)**	(53,009)
Loss before taxation		**(405,038)**	(201,657)
Income tax credit	*8*	**71**	846
Loss for the year		**(404,967)**	(200,811)

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(402,320)**	(199,630)
Non-controlling interests		**(2,647)**	(1,181)
		(404,967)	(200,811)
Loss per share *(HK cents)*			
Basic and diluted	*9*	**(4.49)**	(2.63)

Note: The Group has applied HKFRS 15 for the first time for the year ended 31 March 2019. 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(iii).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(404,967)**	(200,811)
Other comprehensive (expense)/income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(15,569)**	26,756
Item that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets at fair value through other comprehensive income	**(2,127)**	4,635
Other comprehensive (expense)/income for the year	**(17,696)**	31,391
Total comprehensive expense for the year	**(422,663)**	(169,420)
Total comprehensive expense attributable to:		
Owners of the Company	**(419,660)**	(168,595)
Non-controlling interests	**(3,003)**	(825)
	(422,663)	(169,420)

Note: The Group has applied HKFRS 15 for the first time for the year ended 31 March 2019. 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(iii).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**As at 31 March 2019 HK$'000**	As at 31 March 2018 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	*11*	**30,512**	26,580
Investment properties		**101,656**	103,887
Intangible assets	*11*	**77,628**	30,900
Interests in associates		**–**	–
Prepayments, deposits and other receivables		**49,500**	52,391
Financial assets at fair value through other comprehensive income		**1,952**	4,079
Financial assets at fair value through profit or loss		**2,401**	27,571
		263,649	245,408
Current assets			
Inventories		**223**	1,182
Trade receivables	*12*	**516,200**	525,933
Loans receivable	*13*	**62,351**	73,933
Prepayments, deposits and other receivables		**50,718**	122,748
Financial assets at fair value through profit or loss		**4,653**	46,747
Current income tax recoverable		**2,967**	1,218
Client trust bank balance		**4,839**	5,410
Cash and cash equivalents		**82,768**	348,923
		724,719	1,126,094
Total assets		**988,368**	1,371,502

	Notes	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**89,679**	89,679
Reserves		**85,139**	504,599
		174,818	594,278
Non-controlling interests		**(6,714)**	(1,496)
Total equity		**168,104**	592,782
Liabilities			
Non-current liabilities			
Deferred tax liabilities		**421**	547
Bonds		**650,821**	619,180
		651,242	619,727
Current liabilities			
Trade payables	*14*	**49,613**	19,085
Contract liabilities		**–**	–
Accruals and other payables		**52,629**	108,831
Bank borrowings		**32,182**	29,477
Current income tax liabilities		**867**	1,009
Bonds		**33,731**	591
		169,022	158,993
Total liabilities		**820,264**	778,720
Total equity and liabilities		**988,368**	1,371,502

Note: The Group has applied HKFRS 15 for the first time for the year ended 31 March 2019. 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(iii).

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 2019 and interim results of the Group for the six months ended 30 September 2018 and the despatch of annual reports of the Group for the years ended 31 March 2018 and 2019 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 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 the 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.

(i) Compliance with HKFRSs and HKCO

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 the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI"), which are carried at fair value.

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.

(iii) Issues relating to the Group's ability to continue as a going concern

The Group has incurred losses and reported a loss of approximately HK$404,967,000 for the year ended 31 March 2019. In addition, the Group has incurred net cash used in operating activities since 2014 and reported a net cash used in operating activities of approximately HK$255,155,000 for the year ended 31 March 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Certain measures have been and are being undertaken by the management of the Group to manage the Group's liquidity needs and to improve its financial position, which include, but are not limited to, the following:

(i) The Group has been actively negotiating with the debtors to settle their outstanding past due trade receivables. Subsequent to 31 March 2019 and up to the date when the consolidated financial statements are authorised for issue, trade receivables (net of allowance of credit losses) with aggregate carrying amount as at 31 March 2019 of approximately HK$540,568,000 have been settled by the debtors.

(ii) Subsequent to 31 March 2019 and up to the date when the consolidated financial statements are authorised for issue, the Group repaid bonds with principal amounting to approximately HK$11,024,000. Besides, the Group renewed certain bonds upon maturity with principal amounting to HK$3,000,000 of which the Group will settle the bond with after 2020.

(iii) On 3 May 2019, the Group entered into a provisional sale and purchase agreement to dispose of a directly 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.

(iv) The Group applies cost control measures in cost of sales, administrative expenses and capital expenditures.

(v) The Group is also maximising its sales effort, including seeking new customers and sales orders and implementing comprehensive policies to improve operating cash flows.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2019 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements for the year ended 31 March 2019.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) New standard, interpretation and amendments to existing standards adopted in current year:

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 to the HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except for described in Note 3(iii), the application of the new standards and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statement.

(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 16	Leases	1 January 2019	*(a)*
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 Feature with Negative Compensation	1 January 2019	

Standards	Subject	Effective for annual periods beginning on or after	*Note*
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 "Material"	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 (a):

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$5,160,000. 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 standards and interpretations. The Board will adopt the new standards, amendments to existing standards and interpretations when they become effective.

(iii) Change in accounting policy

HKFRS 15 "Revenue from Contracts with Customers"

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

The Group has chosen to apply HKFRS 15 retrospectively with the cumulative effect of the 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 Note 4.

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$2,074,914,000 for the year ended 31 March 2019. Revenue from trading of commodities and chemical products reported on gross basis for the year ended 31 March 2018 amounted to HK$5,536,378,000.

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 year ended 31 March 2019.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if those superseded standards had continued to apply to 2018 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>	**Hypothetical amounts under HKAS 18 <B>**	**Difference: Estimated impact of adoption of HKFRS 15 in 2019 <A> – <B>**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of profit or loss for the year ended 31 March 2019 impacted by the adoption of HKFRS 15:			
Revenue	105,502	2,180,416	(2,074,914)
Cost of sales	(35,436)	(2,110,350)	2,074,914

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

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 FVTPL, losses due to loss of assets 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 operating segments.

(i) For the year ended 31 March 2019

	Commodity trading	Crude oil	Property investment	Financial services	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from contracts with customers within scope of HKFRS 15						
External and total revenue recognised at point in time						
– on a gross basis	35,346	–	–	4,939	3,260	43,545
– on a net basis *(note (ii))*	37,450	–	–	–	–	37,450
	72,796	–	–	4,939	3,260	80,995
Revenue not within scope of HKFRS 15						
Loan interest income	–	–	–	21,405	–	21,405
Rental income	–	–	3,102	–	–	3,102
	72,796	–	3,102	26,344	3,260	105,502
Segment LBITDA	(245,280)	67,684	(506)	(16,160)	(1,062)	(195,324)
Segment depreciation and amortisation	(616)	(1,154)	(2,268)	(225)	(4,165)	(8,428)
Segment results	(245,896)	66,530	(2,774)	(16,385)	(5,227)	(203,752)
Unallocated expenses						(136,147)
Interest income on bank deposits						569
Interest expenses						(65,708)
Loss before taxation						(405,038)

(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 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 income						43,166
Interest income on bank deposits						61
Interest expenses						(53,009)
Loss before taxation						(201,657)

Revenue from one (2018: one) customer in relation to commodity trading amounted to approximately HK$36,944,000 (2018: HK$5,109,992,000), 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 segments:

	2019 ***HK$'000***	2018 *HK$'000*
Segment assets		
Commodity trading	**546,928**	640,636
Crude oil	**85,484**	20,468
Property investment	**101,855**	104,311
Financial services	**75,935**	97,166
Others	**10,992**	15,116
Total segment assets	**821,194**	877,697
Unallocated	**167,174**	493,805
Total assets	**988,368**	1,371,502

(c) Other segment information

	For the year ended 31 March 2019						
	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	**–**	**1,224**	**–**	**101**	**–**	**630**	**1,955**
(Impairment loss)/reversal of impairment losses on property, plant and equipment	**–**	**13,947**	**–**	**–**	**–**	**–**	**13,947**
Reversal of impairment losses on intangible assets	**(15,617)**	**64,598**	**–**	**–**	**–**	**–**	**48,981**
Allowance for credit losses of loans receivable	**–**	**–**	**–**	**(26,631)**	**–**	**–**	**(26,631)**
Allowance for credit losses of trade receivables	**(171,583)**	**–**	**–**	**–**	**(43)**	**–**	**(171,626)**
Impairment losses on prepayments, deposits and other receivables	**(4,093)**	**(8,187)**	**–**	**–**	**–**	**–**	**(12,280)**
Loss on disposal of property, plant and equipment	**–**	**(30)**	**–**	**–**	**–**	**–**	**(30)**
Loss of assets	**–**	**–**	**–**	**–**	**–**	**(91,238)**	**(91,238)**

	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 of property, plant and equipment	–	(60,610)	–	–	–	–	(60,610)
Impairment losses of 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)
Allowance for credit losses on prepayments, deposits and other receivables	(8,071)	–	–	–	–	(5,700)	(13,771)

(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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**72,288**	5,484,148	**81,345**	39,900
Hong Kong	**33,214**	52,230	**175,125**	192,486
Others	**–**	–	**7,179**	13,022
	105,502	5,536,378	**263,649**	245,408

5 OTHER LOSSES, NET

	2019	2018
	HK$'000	*HK$'000*
Loss on deregistration of a subsidiary	**(703)**	–
Loss on disposal of property, plant and equipment	**(30)**	–
Exchange (losses)/gains, net	**(23,957)**	28,954
Reversal of impairment losses/(impairment losses) on property, plant and equipment	**13,947**	(60,610)
Reversal of impairment losses/(impairment losses) on intangible assets	**48,981**	(99,241)
Impairment losses on prepayments, deposits and other receivables	**(12,280)**	(13,771)
(Loss)/gain on fair value changes of financial assets at FVTPL	**(31,971)**	18,722
Write back of consideration payables	**–**	5,900
Others	**42**	3
	(5,971)	(120,043)

6 LOSS OF ASSETS

	2019	2018
	HK$'000	*HK$'000*
Loss of prepayments, deposits and other receivables *(note (a))*	**68,107**	–
Loss of bank balances *(note (b))*	**23,131**	–
	91,238	–

Notes:

(a) The amount represents impairment losses on prepayments paid to suppliers by 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 (the "Board") and an executive director of the Company) was the legal representative and one of the directors of Zhejiang Tou Rong since its establishment. In December 2018, the legal representative of Zhejiang Tou Rong was changed from Mr. Li to a representative appointed by the board of directors of the immediate holding company of Zhejiang Tou Rong. However, the change of legal representative is invalidated by 杭州市場監督管理局 in February 2019 in view of the ongoing investigation against Mr. Li. Zhejiang Tou Rong has issued a letter to object to the decision by 杭州市場監督管理局 in late February 2019 for the invalidation. Up to the date when the consolidated financial statements are authorised for issue, no reply was received by Zhejiang Tou Rong regarding the objection.

During the period from April 2018 to September 2018, Zhejiang Tou Rong entered into several supply agreements (the "Supply Agreements") with certain suppliers in the PRC in relation to renovation services of office and office supplies for preparing business commencement with aggregate contract amounts of RMB64,950,000 (equivalent to approximately HK$75,959,000). Deposits of RMB48,000,000 (equivalent to approximately HK$56,364,000) in aggregate were 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 approximately RMB10,000,000 (equivalent to approximately HK$11,743,000) to a service provider in July 2018, for the provision of technical consultancy service via bank. There is no valid contractual agreement entered into between Zhejiang Tou Rong and the service provider and the payment was authorised by Mr. Li at his discretion as the legal representative of Zhejiang Tou Rong. The Group lost contact with the finance personnel and Mr. Li since early July 2018.

Zhejiang Tou Rong has engaged an independent PRC lawyer since July 2019 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. The PRC lawyer has commenced their investigation and is expected to report to the PRC police for further investigation in September 2019.

Besides, the Group has engaged an independent PRC legal advisor to review the Supply Agreements and service agreement and assist the Group to recover the prepayments. Based on the opinion of the independent legal advisor, in view that the suppliers haven't duly completed the Supply Agreements, the absence of certain contractual service agreement and the Group was not able to contact the relevant suppliers and service provider for details, the independent PRC legal advisor is in the opinion that the prepayments to suppliers and service provider amounting to approximately HK$68,107,000 in aggregate is unlikely to be recoverable and accordingly, full impairment loss of such prepayments to suppliers and service provider were provided in the current year.

(b) As stated in the announcement of the Company dated 9 August 2018, the Company announced that the People's Government of Gongshu District, Hangzhou, the PRC has published a bulletin on 24 July 2018 regarding 杭州投融譜華互聯網金融服務有限公司 (the "Concerned Company"), a fellow subsidiary of the Company established in the PRC which Mr. Li is the legal representative, director and general manager of the Concerned Company, that criminal compulsory measures have been taken again 13 suspects and the criminal detention and pursuit for arrest of Mr. Li have been approved. In this regard, certain bank balance of approximately RMB19,794,000 (equivalent to approximately HK$23,131,000) in a bank account of Zhejiang Tou Rong in a reputable PRC bank has been frozen by the governmental authorities since January 2019 as the bank balance is suspected to be related to the case which Mr. Li is one of the suspects.

The Group has engaged an independent PRC legal advisor to assist the Group to liaise with the bank and to take appropriate steps to unfreeze the frozen bank account. Nevertheless, based on the opinion from the independent PRC legal advisor, in view that the complexity of the case regarding the Concerned Company and the governmental authorities have the right to apply for extension of the frozen period of the relevant bank account, the probability to unfreeze the bank account before the conclusion of the case regarding the Concerned Company is remote. Besides, in view that the court has the overriding right to settle the amounts due to the creditors in the case using the frozen assets, the independent PRC legal advisor is in the opinion that the frozen bank balance of Zhejiang Tou Rong amounting to approximately HK$23,131,000 is unlikely to be recoverable and accordingly, full impairment loss of such bank balance was provided in the current year.

7 FINANCE COSTS, NET

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on:		
– bonds	**(64,756)**	(52,258)
– bank borrowings	**(952)**	(751)
	(65,708)	(53,009)
Interest income on bank deposits	**569**	61
Finance costs, net	**(65,139)**	(52,948)

8 INCOME TAX CREDIT

	2019	2018
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**–**	851
PRC Enterprise income tax	**13**	–
Under/(over) provision of prior years	**5**	(127)
	18	724
Deferred income tax	**(89)**	(1,570)
Income tax credit	**(71)**	(846)

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% (2018: 25%). Under the applicable corporate tax law in Macau, profits tax is charged at 12% (2018: 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 (2018: Nil).

There is no tax impact relating to components of other comprehensive income for the year ended 31 March 2019 (2018: Nil).

9 LOSS PER SHARE

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

	2019	2018
Loss attributable to the owners of the Company *(HK$'000)*	**(402,320)**	(199,630)
Weighted average number of ordinary shares in issue *(shares in thousands)*	**8,967,876**	7,593,433
Basic loss per share *(HK cents)*	**(4.49)**	(2.63)

For the year ended 31 March 2018, 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 years ended 31 March 2018.

No diluted loss per share for the year ended 31 March 2019 is presented as there is no potential ordinary shares in issue for the year ended 31 March 2019.

10 DIVIDEND

The Board of Directors does not recommend the payment of any dividend during the year (2018: Nil).

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

During the year ended 31 March 2019, 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 higher than the carrying amounts of these property, plant and equipment and intangible asset. Accordingly, reversal of impairment losses of approximately HK$9,827,000, HK$4,120,000 and HK$64,598,000 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 2019 (2018: 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).

12 TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**760,570**	598,677
Allowance for credit losses	**(244,370)**	(72,744)
	516,200	525,933

Notes:

(a) As at 31 March 2019, included in the trade receivables were amounts due from clearing houses of approximately HK$6,104,000 (2018: HK$3,452,000) and amounts due from securities brokerage clients of approximately HK$225,000 (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:

	2019	2018
	HK$'000	*HK$'000*
Less than 30 days	**28,621**	4,423
More than 30 days but less than 3 months	**20,021**	20,596
More than 3 months but less than 1 year	**689,109**	534,973
More than 1 year	**22,819**	38,685
	760,570	598,677

(f) The Group's largest customer within the commodity trading segment has a significant outstanding trade receivable balance due to the Group with gross carrying amount of HK$711,733,000 (2018: HK$551,620,000) as at 31 March 2019. During the year ended 31 March 2019, the Group has negotiated with the Group's largest customer for the repayment of the outstanding trade receivables as at 31 March 2019 of which will be fully repaid by the customer on or before 31 December 2019. Subsequent to 31 March 2019 and up to the date when the consolidated financial statements are authorised for issue, the trade receivables with carrying amount of HK$523,291,000 has been settled by the customer, representing 74% of the total carrying amount of trade receivables due from the customer as at 31 March 2019.

(g) The carrying amounts of trade receivables net of allowance for credit losses are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**7,337**	51,024
RMB	**–**	271,633
US$	**508,863**	203,276
	516,200	525,933

13 LOANS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Loans receivable *(Note (a))*	**56,856**	58,000
Margin loans receivable *(Note (b))*	**17,041**	31,598
	73,897	89,598
Less: Allowance for credit losses		
– loans receivable *(Note (a))*	**(3,118)**	(7,367)
– margin loans receivable *(Note (b))*	**(8,428)**	(8,298)
	(11,546)	(15,665)
	62,351	73,933

Notes:

(a) Loans receivable to the extent of approximately HK$56,856,000 (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 20% to 54% (2018: 22% to 54%) per annum and are repayable with fixed terms ranging from three to twenty four months.

As at 31 March 2019, loans receivable of approximately HK$6,918,000 (2018: HK$9,820,000) bearing interests ranging from 24% to 54% (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 31 March 2019, loans receivable of approximately HK$49,938,000 (2018: HK$48,180,000) bearing interests ranging from 20% to 36% (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 unlisted equity securities.

Interest income of approximately HK$21,405,000 (2018: HK$15,941,000) 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:

	2019	2018
	HK$'000	*HK$'000*
Receivable in:		
Less than 1 months	**593**	–
1 month to 3 months	**45,289**	–
More than 3 months but less than 1 year	**–**	14,528
	45,882	14,528

(b) As at 31 March 2019, included in loans receivable was advances to margin clients in margin financing amounting to approximately HK$17,041,000 (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 approximately HK$8,603,000 (2018: HK$23,300,000), the fair values of the collaterals of such margins loans can be objectively ascertained to cover the outstanding amount of the loan balances.

14 TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**49,613**	19,085

Notes:

(a) As at 31 March 2019, included in trade payables were amounts due to clearing houses of approximately HK$6,416,000 (2018: HK$4,969,000) and amounts due to securities brokerage clients of approximately HK$5,880,000 (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 approximately HK$4,839,000 (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 the end of the year.

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

	2019	2018
	HK$'000	*HK$'000*
Less than 1 month	**100**	86
1 month to 3 months	**137**	93
More than 3 months but less than 1 year	**37,055**	9,051
Over 1 year	**25**	2
	37,317	9,232

(f) The carrying amounts of trade payables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**12,904**	10,268
US$	**19,676**	8,817
RMB	**17,033**	–
	49,613	19,085

15 EVENT AFTER REPORTING PERIOD

On 3 May 2019, the Group entered into a 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 2019, the Group achieved a revenue of approximately HK$105,502,000 (2018: HK$5,536,378,000[#]) and a gross profit of approximately HK$70,066,000 (2018: HK$146,472,000), representing a decrease of 98% and 52% from the year of 2018 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$2,180,416,000 (2018: HK$5,536,378,000), representing a decrease of 61% from the year of 2018. Such decrease was mainly attributable to decrease in sales from customers in 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$339,899,000 (2018: HK$148,709,000) representing a increase of 129% from the year of 2018. Increase in operating loss of the Group was mainly due to decrease in revenue in commodity trading segment, allowance for credit losses on trade receivables, impairment losses on prepayments and impairment losses of assets relating to a PRC subsidiary.

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

BUSINESS REVIEW

Commodity trading

In the reporting period, the commodity trading business contributed the majority revenue of the Group, amounting to approximately HK$72,796,000 (2018: HK$5,500,164,000#) which accounted for 69.0% of the Group's revenue (2018: 99.3%), representing a decrease of 99% as compared with the year of 2018. 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$2,147,709,000 (2018: HK$5,500,164,000), representing a decrease of 61% as compared with the year of 2018, 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 year. For the reporting period, the trading volume of oil products of the Group decreased 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 sales from customers of approximately HK$2,083,646,000 for the reporting period (2018: HK$2,867,748,000), representing a decrease of 27% as compared with 2018. A total of 459,790 tons (2018: 678,473 tons) of oil products were traded in China and other Asia Pacific countries 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 such as display driver IC products, chemical products and non-ferrous metals. During the reporting period, revenue of approximately HK$64,063,000 (2018: HK$2,632,416,000) was generated from these product lines.

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, for the purpose of renewing the licence《安全生產許可証》for the forthcoming operation in the Oilfields, the modification works to the Oilfields have been completed in accordance with the local fire safety requirements and the inspection of the fire safety modification has been completed, the Oilfields subsequently obtained the acceptance from the relevant governmental department for the PRC fire safety modification. 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. During the reporting period, interest revenue was approximately HK$19,468,000 (2018: HK$15,941,000), representing an increase 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 2017. 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$6,877,000 (2018: HK$15,973,000) to the Group, representing a decrease of 57%.

(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 2018. 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 2017, the Group's wholly owned subsidiary, namely People Insurance Broker Limited ("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$3,245,000 (2018: HK$1,371,000) representing an increase of 137%.

BUSINESS OUTLOOK AND FUTURE PROSPECT

In 2019, the global economy is expected to recover slowly with the economic environment still facing risks and challenges. As supply and demand in the global oil market gets eased up, the international oil price is likely to demonstrate a wide-ranging volatility and remains uncertain to a large extent. China's economy is expected to stay within a reasonable ambit and the consumption demand for oil in China maintains a growth momentum generally, with its reported steady domestic growth rate of 6.4% in the first-quarter 2019. However, the market is still dragged by the US-China trade war, the stable growth of the economy depends on when the US-China trade war and the US duty on imported Chinese goods will end.

China continues to promote the progress of marketization of the financial systems. In 2019, the central government was determined to stimulate the domestic economy and stock market. It aimed at driving the economy, beginning with private enterprises, through a series of measures such as financial easing, tax cuts, fee reductions and streamlining administration. Hong Kong is sheltered by a number of positive factors, such 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

Revenue and operating review

The Group recorded a consolidated revenue of approximately HK$105,502,000 (2018: HK$5,536,378,000[#]), representing a decrease of 98% from the year of 2019. The Group's loss for the year attributable to owners of the Company was approximately HK$402,320,000 (2018: HK$199,630,000). Basic loss per share of HK$4.49 cents (2018: HK$2.63 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, impairment losses of assets relating to a PRC subsidiary and increase in interest expenses on bonds.

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

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$711,733,000 (2018: HK$551,620,000) as at 31 March 2019 was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses by estimating default rate taking into account historical and forward looking information. As at 31 March 2019, impairment allowance of HK$218,000,000 (2018: HK$47,000,000) was made on the trade receivable due from the Group's largest customer. In addition, the trade receivable was guaranteed by personal guarantee of the director of the Group's largest customer since the guarantee agreement entered into in September 2019. In this regards, the directors of the Company are in the opinion that the provision of loss allowance is sufficient and not excessive. Subsequent to 31 March 2019, with management's follow up actions to chase the long-outstanding receivable, trade receivable due from the Group's largest customer with carrying amount of HK$523,291,000 has been settled by the customer, representing 74% of the gross carrying amount of trade receivables due from the customer as at 31 March 2019.

Impairment assessments on property, plant and equipment and intangible assets

During the year ended 31 March 2019, 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 higher than the carrying amounts of these property, plant and equipment and intangible asset. Accordingly, reversal of impairment losses of approximately HK$9,827,000, HK$4,120,000 and HK$64,598,000 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 2019 (2018: 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).

Loss of assets of a PRC subsidiary

During the year, the Group recognised the impairment losses on prepayments paid to suppliers according to certain supply agreements entered ("Supply Agreements") and full impairment loss of bank balances ("Relevant Accounts") of a PRC subsidiary amounting to approximately HK$68,107,000 and HK$23,131,000 respectively.

Reference is made to the announcement of the Company dated 8 March 2019 and 28 June 2019 and note 6 in relation to certain affairs of the PRC subsidiary, the Board has subsequently taken the following remedy actions:

(i) An independent review expert has been appointed by the Board and has completed their review on the Relevant Accounts of and the Supply Agreements to assist the Audit Committee and the Company's advisers for understanding of the matters in relation to the PRC Subsidiary;

(ii) The Board has engaged an independent PRC legal advisers to review the Supply Agreements and assist the Group to recover the prepayments and assist the liaise with the bank and to take appropriate steps to unfreeze bank account; and

(iii) The Board has in engaged an independent PRC legal advisers and has been seeking advice from them to assess the feasibility to report the suspected criminal offences pertaining to the Supply Agreements and the Relevant Accounts to the PRC police.

Working capital

As at 31 March 2019, the Group's current assets were kept at approximately HK$724,719,000 (2018: HK$1,127,457,000) whilst current liabilities were approximately HK$169,022,000 (2018: HK$158,993,000). The current ratio, being the proportion of total current assets against current liabilities, was 4.3 (2018: 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 bank balances of approximately HK$82,768,000 as at 31 March 2019 (2018: HK$348,923,000). The Group had cash and bank balances which were mostly held in Hong Kong dollars and Renminbi.

As at 31 March 2019, the Group's outstanding bank borrowings and bonds were approximately HK$32,182,000 (2018: 29,477,000) and HK$684,552,000 (2018: HK$619,771,000) respectively, while total assets were approximately HK$988,368,000 (2018: HK$1,371,502,000).

The gearing ratio, calculated by dividing the total borrowings by the total assets, was 73% as at 31 March 2019 (2018: 47%).

Pledged assets

As at 31 March 2019, the Group pledged the following assets to secure the Group's trading facilities:

(1) Corporate guarantee executed by the Company for an unlimited amount (2018: same);

(2) Investment properties with carrying values of HK$79,845,000 (2018: HK$103,887,000).

INFORMATION ON CRUDE OIL RESERVES AS OF 31 MARCH 2019

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 2019.

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 2019, are approximately 522,000 tons, 1,311,000 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 2017	546	824	664	2,034
Adjustment to estimation*	(24)	(35)	(71)	(130)
As at 31 March 2018	522	789	593	1,904
Adjustment to estimation*	(31)	(44)	(158)	(233)
As at 31 March 2019	491	745	435	1,671

* *During the year ended 31 March 2019, adjustments were made due to the change in market condition (2018: due to the oil price depreciation and change of market condition).*

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 2019, 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 2019, the Group has an aggregate of 63 (2018: 76) employees of which about 24 (2018: 23) 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 (2018: 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 2019 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 2019 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 2019 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.