LONG WELL INTERNATIONAL HOLDINGS LIMITED
久康國際控股有限公司

(formerly known as "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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

UNAUDITED ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Long Well International Holdings Limited (the "Company") (formerly known as "Tou Rong Chang Fu Group Limited") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020 derived from the unaudited consolidated management accounts of the Company, together with the comparative audited figures for the year ended 31 March 2019.

For the reasons explained in the paragraph headed "Review of Unaudited Results" in this announcement, the auditing process of the annual results of the Group for the year ended 31 March 2020 has not been completed and the Company is unable to publish an audited annual results announcement by 30 June 2020 in accordance with Rule 13.49 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Revenue	4	**25,403**	105,502
Cost of sales and services		**(1,865)**	(35,436)
Gross profit		**23,538**	70,066
Other income		**18**	569
Other gains/(losses), net	6	**16,692**	(5,971)
Impairment losses on trade receivables		**(41)**	(171,626)
Reversal of impairment losses/(impairment losses) on loans receivables		**2,380**	(26,631)
Selling and distribution expenses		**(1,320)**	(8,449)
Administrative and other operating expenses		**(90,626)**	(106,050)
Loss of assets	7	**–**	(91,238)
Operating loss		**(49,359)**	(339,330)
Finance costs	8	**(69,883)**	(65,708)
Loss before income tax		**(119,242)**	(405,038)
Income tax credit	9	**46**	71
Loss for the year		**(119,196)**	(404,967)
Loss for the year attributable to:			
Owners of the Company		**(117,171)**	(402,320)
Non-controlling interests		**(2,025)**	(2,647)
		(119,196)	(404,967)
Loss per share *(HK cents)*			
Basic and diluted		**(1.31)**	(4.49)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(119,196)**	(404,967)
Other comprehensive loss for the year:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries	**180**	–
Exchange differences arising on translation of foreign operations	**(4,181)**	(15,569)
Item that will not be reclassified subsequently to profit or loss:		
Changes in fair value of equity investments at fair value through other comprehensive income	**–**	(2,127)
Total other comprehensive loss for the year	**(4,001)**	(17,696)
Total comprehensive loss for the year	**(123,197)**	(422,663)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(121,169)**	(419,660)
Non-controlling interests	**(2,028)**	(3,003)
	(123,197)	(422,663)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
Non-current assets			
Property, plant and equipment		**23,506**	30,512
Investment properties		**21,298**	101,656
Right-of-use assets		**10,082**	–
Intangible assets		**64,237**	77,628
Prepayments, deposits and other receivables		**38,936**	49,500
Equity investments at fair value through other comprehensive income		**1,952**	1,952
Investments at fair value through profit or loss		**2,401**	2,401
		162,412	263,649
Current assets			
Inventories		**205**	223
Trade receivables	*12*	**374,950**	516,200
Loan receivables	*13*	**69,326**	62,351
Prepayments, deposits and other receivables		**202,040**	50,718
Investments at fair value through profit or loss		**750**	4,653
Current income tax recoverable		**5,100**	2,967
Client trust bank balance		**8,199**	4,839
Bank and cash balances		**46,187**	82,768
		706,757	724,719
Current liabilities			
Trade payables	*14*	**23,444**	49,613
Other payables and accruals		**47,543**	52,629
Bank borrowings		**–**	32,182
Other borrowing		**25,675**	–
Tax payable		**–**	867
Lease liabilities		**5,280**	–
Bonds		**178,902**	33,731
		280,844	169,022
Net current assets		**425,913**	555,697
Total assets less current liabilities		**588,325**	819,346

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**5,144**	–
Deferred tax liabilities	**421**	421
Bonds	**537,853**	650,821
	543,418	651,242
NET ASSETS	**44,907**	168,104
Capital and reserves		
Share capital	**89,679**	89,679
Reserves	**(36,030)**	85,139
Equity attributable to owners of the Company	**53,649**	174,818
Non-controlling interests	**(8,742)**	(6,714)
TOTAL EQUITY	**44,907**	168,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Long Well International Holdings Limited (the "Company") (formerly known as Tou Rong Chang Fu Group Limited) is a limited liability company incorporated in the Cayman Islands and its shares are listed on 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 Company and its subsidiaries are collectively referred to as the "Group".

Reference to announcement of the Company dated on 3 July 2018, the trading of ordinary shares of the Company on the Stock Exchange has been suspended since 3 July 2018 due to the Company failed to publish the annual results of the Group for the years 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 Rules.

Reference to announcement of the Company dated on 13 September 2018, the Company has been notified by the Stock Exchange of the resumption guidance for the Company, including conducting an appropriate investigation (the "Investigation"), publishing all outstanding financial results and informing the market all material information for shareholders and investors to appraise the Company's position.

On 8 April 2019, the Investigation was completed and investigation report was issued, and on 19 November 2019, the Group had dispatched annual report for the years ended 31 March 2018 and 2019 and interim report of the Group for the six months ended 30 September 2018.

The trading of ordinary shares of the Company on the Stock Exchange has remained suspended since 3 July 2018 due to, in the opinion of the Stock Exchange, the Company fails to demonstrate it has sufficient level of operation and assets to support its operations to warrant its continued listing pursuant to the Listing Rules.

The Company is an investment holding company. 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 States dollars (the "US$"). However, the presentation currency of the unaudited consolidated financial statements is Hong Kong dollars (the "HK$") as the directors of the Company consider that HK$ is the most appropriate currency in view of its place of listing.

These unaudited consolidated financial statements are presented in thousands of HK$ (the "HK$'000").

2 BASIS OF PREPARATION

These unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, excepts for investments at fair value through profit or loss (the "FVTPL") and equity investments at fair value through other comprehensive income (the "FVTOCI"), which are carried at their fair values. The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the management to exercise its judgements in the process of applying the accounting policies.

The Group incurred a loss attributable to owners of the Company of approximately HK$117,171,000 for the year ended 31 March 2020. In addition, the Group has incurred net cash used in operating activities and recorded net cash outflow from operating activities for the year ended 31 March 2020. 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. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have prepared the consolidated financial statements based on going concern on the assumptions and measures that:

(a) The Group has been actively negotiating with the debtors to settle their outstanding past due trade receivables and loan receivables.

(b) The Group has been actively negotiating with bondholders on renewal of bonds due within one year amounted to approximately HK$178,902,000.

(c) Subsequent to 31 March 2020, the Group entered into a sale and purchase agreement to dispose of an investment property owned by an indirectly wholly owned subsidiary of the Company to an independent third party for a cash consideration of approximately HK$34,500,000. The disposal transaction was completed on 12 June 2020.

(d) The Group is negotiating with a loan from a shareholder for an amount of HK$100,000,000.

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

(f) 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 have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 March 2020. After taking into account the above assumptions and measures and on the conditions that the above plans and measures are materialized to expectation and that the business environments under which the Group's operations are subject to will not be worsened by deteriorating economic conditions and/or the prevailing global pandemic situations, the Directors of the Company consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2020 and believe that the Group will continue as a going concern and consequently have prepared the consolidated financial statements on a going concern basis.

3 ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

HKFRS 16 "Leases"

The Group was initially applied HKFRS 16 "Leases" with effect from 1 April 2019 and has taken transitional provisions and methods not to restate comparative information for prior period.

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases", resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	1 April 2019 *HK$'000*
Increase in right-of-use assets	3,955
Increase in lease liabilities	(3,955)

The reconciliation of operating lease commitment to lease liabilities as at 1 April 2019 is set out below:

	1 April 2019 *HK$'000*
Operating lease commitment at 31 March 2019	5,160
Less:	
Discounting	(569)
Short-term lease	(636)
Lease liabilities as at 1 April 2019	3,955

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

4 REVENUE

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Trading of commodities, chemical products and petroleum products	**6,124**	72,796
Income from money lending, securities brokerage and assets management	**1,513**	4,939
Others	**2,048**	3,260
	9,685	80,995
Loan interest income	**14,731**	21,405
Rental income	**987**	3,102
Total revenue	**25,403**	105,502

For the years ended 31 March 2020 and 2019, all revenue is recognised at a point in time.

5 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, changes in fair value of investments 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, investments at FVTPL, equity investments at FVTOCI, current income tax recoverable, bank and cash 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 2020

	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	–	–	–	1,513	2,048	3,561
– on a net basis	6,124	–	–	–	–	6,124
	6,124	–	–	1,513	2,048	9,685
Revenue not within scope of HKFRS 15						
Loan interest income	–	–	–	14,731	–	14,731
Rental income	–	–	987	–	–	987
	6,124	–	987	16,244	2,048	25,403
Segment EBITDA/(LBITDA)	4,731	(1,508)	341	5,637	(1,930)	7,271
Segment depreciation and amortisation	(728)	(11,596)	(956)	(240)	(4,155)	(17,675)
Segment results	4,003	(13,104)	(615)	5,397	(6,085)	(10,404)
Unallocated expenses						(62,637)
Gain on disposal of subsidiaries						23,664
Interest income on bank deposits						18
Interest expenses						(69,883)
Loss before income tax						(119,242)

(ii) For the year ended 31 March 2019

	Commodity trading *HK$'000*	Crude oil *HK$'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	35,346	–	–	4,939	3,260	43,545
– on a net basis	37,450	–	–	–	–	37,450
	72,796	–	–	4,939	3,260	80,995
Revenue not within scope 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)/EBITDA	(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 income tax						(405,038)

(b) Segment assets

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

	2020	2019
	HK$'000	*HK$'000*
Segment assets		
Commodity trading	**554,704**	546,928
Crude oil	**78,582**	85,484
Property investment	**21,302**	101,855
Financial services	**92,299**	75,935
Others	**5,706**	10,992
Total segment assets	**752,593**	821,194
Unallocated	**116,576**	167,174
Total assets	**869,169**	988,368

(c) Other segment information

	For the year ended 31 March 2020						
	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	–	**395**	–	**89**	–	**2,796**	**3,280**
Written-off of property, plant and equipment	–	–	–	**(56)**	–	**(2,493)**	**(2,549)**
Reversal of impairment loss of loans receivable	–	–	–	**2,380**	–	–	**2,380**
Impairment losses on trade receivables	–	–	–	–	**(41)**	–	**(41)**
Loss on disposal of property, plant and equipment	–	–	–	–	–	**(110)**	**(110)**
Gain on disposal of subsidiaries	–	–	–	–	–	**23,664**	**23,664**

	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
Reversal of impairment losses on property, plant and equipment	–	13,947	–	–	–	–	13,947
Reversal of impairment losses on intangible assets	–	64,598	–	–	–	–	64,598
Impairment losses of goodwill	(15,617)	–	–	–	–	–	(15,617)
Impairment losses of loans receivable	–	–	–	(26,631)	–	–	(26,631)
Impairment 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)

(d) Geographical information

The Group's operations are located in the People's Republic of China (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		Non-current assets	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**6,124**	72,288	**44,610**	81,345
Hong Kong	**19,279**	33,214	**70,546**	121,503
Others	**–**	–	**4,197**	7,179
	25,403	105,502	**119,353**	210,027

6 OTHER GAINS/(LOSSES), NET

	2020	2019
	HK$'000	*HK$'000*
Loss on deregistration of a subsidiary	**–**	(703)
Gain on disposal of subsidiaries	**23,664**	–
Loss on disposal of property, plant and equipment	**(110)**	(30)
Exchange losses, net	**(900)**	(23,957)
Written-off of property, plant and equipment	**(2,549)**	–
Reversal of impairment losses on property, plant and equipment	**–**	13,947
Reversal of impairment losses on intangible assets	**–**	64,598
Impairment losses on goodwill	**–**	(15,617)
Impairment losses on prepayments, deposits and other receivables	**–**	(12,280)
Changes in fair value of investments at FVTPL	**(3,484)**	(31,971)
Others	**71**	42
	16,692	(5,971)

7 LOSS OF ASSETS

	2019
	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 are unlikely to be recoverable and accordingly, full impairment loss of such prepayments to suppliers and service provider were provided during the year ended 31 March 2019.

(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 during the year ended 31 March 2019.

8 FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses on:		
– bonds	**68,182**	64,756
– bank borrowings	**241**	952
– other borrowing	**928**	–
– lease liabilities	**532**	–
	69,883	65,708

9 INCOME TAX CREDIT

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
PRC Enterprise income tax	**–**	13
(Over)/under provision of prior years	**(46)**	5
	(46)	18
Deferred income tax	**–**	(89)
Income tax credit	**(46)**	(71)

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profit subject to Hong Kong Profits Tax during the current year (2019: Nil).

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% (2019: 25%). Under the applicable corporate tax law in Macau, profits tax is charged at 12% (2019: 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 (2019: Nil).

10 LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$117,171,000 (2019: approximately HK$402,320,000) and the weighted average number of ordinary shares of 8,967,876,000) (2019: 8,967,876,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 March 2020 and 2019.

11 DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

12 TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**619,361**	760,570
Less: allowance for doubtful debts	**(244,411)**	(244,370)
Trade receivables, net	**374,950**	516,200

Notes:

(a) As at 31 March 2020, included in the trade receivables were amounts due from clearing houses of approximately HK$10,146,000 (2019: HK$6,104,000) and amounts due from securities brokerage clients of approximately HK$1,470,000 (2019: HK$225,000).

(b) The Group allows a credit period of approximately 2 days after the trade date to the securities brokerage business. For the remaining business of the Group, trade receivables are on general terms of 30 to 120 days.

(c) The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2020	2019
	HK$'000	*HK$'000*
1–30 days	**76,780**	28,621
31–90 days	**75**	20,021
91–365 days	**292,969**	467,558
Over 365 days	**5,126**	–
	374,950	516,200

Reconciliation of loss allowance for trade receivables:

	2020	2019
	HK$'000	*HK$'000*
At beginning of year	**244,370**	72,744
Increase in loss allowance for the year	**41**	171,626
At end of year	**244,411**	244,370

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Within 30 days	**Over 30 days past due**	**Over 90 days past due**	**Over 365 days past due**	**Total**
At 31 March 2020					
Weighted average expected loss rate	**–**	**–**	**16%**	**97%**	
Receivable amount *(HK$'000)*	**76,780**	**75**	**349,985**	**192,521**	**619,361**
Loss allowance *(HK$'000)*	**–**	**–**	**57,016**	**187,395**	**244,411**

	Within 30 days	Over 30 days past due	Over 60 days past due	Over 90 days past due	Total
At 31 March 2019					
Weighted average expected loss rate	24%	30%	30%	100%	
Receivable amount *(HK$'000)*	28,622	20,058	689,070	22,820	760,570
Loss allowance *(HK$'000)*	6,810	6,080	208,660	22,820	244,370

13 LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loan receivables from money lending business *(Note a)*	**69,185**	56,856
Margin loan receivables *(Note b)*	**9,307**	17,041
	78,492	73,897
Less: Allowance for credit losses		
– loan receivables *(Note a)*	**(5,768)**	(3,118)
– margin loan receivables *(Note b)*	**(3,398)**	(8,428)
	(9,166)	(11,546)
	69,326	62,351

Notes:

(a) Loan receivables to the extent of approximately HK$69,185,000 (2019: HK$56,856,000), which arise from the money lending business of providing short-term loans to independent third parties in Hong Kong, are denominated in HK$.

The carrying amounts are determined using effective interest rates ranging from 20% to 54% (2019: 20% to 54%) per annum and are repayable with fixed terms ranging from 1 to 31 months (2019: 3 to 24 months).

As at 31 March 2020, loan receivables of approximately HK$8,941,000 (2019: HK$6,918,000) bearing interests ranging from 24% to 54% (2019: 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 2020, loan receivables of approximately HK$60,244,000 (2019: HK$48,180,000) bearing interests ranging from 20% to 36% (2019: 20% 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.

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

	2020	2019
	HK$'000	*HK$'000*
Receivable in:		
Less than 1 months	–	593
1 month to 3 months	–	45,289
	–	45,882

(b) As at 31 March 2020, included in loan receivables was advances to margin clients in margin financing amounting to approximately HK$9,307,000 (2019: HK$17,041,000, which are bearing interest at commercial rates, secured by the underlying pledged listed securities and are repayable on demand.

In respect of the margin loan receivables advances to margin clients in margin financing with net carrying amount of approximately HK$5,910,000 (2019: HK$8,613,000), the fair values of the collaterals of such margins loans can be objectively ascertained to cover the outstanding amount of the loan balances.

(c) Reconciliation of loss allowance for loan receivables:

	2020	2019
	HK$'000	*HK$'000*
At beginning of year	**3,118**	7,367
Increase in loss allowance for the year	**2,650**	26,501
Amounts written off	–	(30,750)
At end of year	**5,768**	3,118

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all loan receivables. To measure the expected credit losses, loan receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Either not yet overdue or overdue for less than 30 days and not credit-impaired	**Overdue within 31 days and 60 days but not impaired**	**Overdue over 60 days and credit impaired**	**Total**
At 31 March 2020				
Weighted average expected loss rate	**–**	**–**	**8%**	
Receivable amount *(HK$'000)*	**–**	**–**	**69,185**	**69,185**
Loss allowance *(HK$'000)*	**–**	**–**	**5,768**	**5,768**

	Either not yet overdue or overdue for less than 30 days and not credit-impaired	Overdue within 31 days and 60 days but not impaired	Overdue over 60 days and credit impaired	Total
At 31 March 2019				
Weighted average expected loss rate	4%	–	15%	
Receivable amount *(HK$'000)*	51,350	–	5,506	56,856
Loss allowance *(HK$'000)*	2,284	–	834	3,118

14 TRADE PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables to clearing house and securities brokerage clients	**8,045**	12,296
Trade payables to suppliers *(note e)*	**15,399**	37,317
	23,444	49,613

Notes:

(a) As at 31 March 2020, included in trade payables were amounts due to clearing houses of approximately HK$Nil (2019: HK$6,416,000) and amounts due to securities brokerage clients of approximately HK$8,045,000 (2019: HK$5,880,000).

(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$8,199,000 (2019: HK$4,839,000).

(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.

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**78**	100
31 to 90 days	**254**	137
91 days to 365 days	**31**	37,055
Over 365 days	**15,036**	25
	15,399	37,317

15 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The Directors consider that the new reclassification of the accounting item is more appropriate to reflect the unaudited financial results and position of the Company.

16 EVENT AFTER REPORTING PERIOD

On 25 March 2020, the Group entered into a provisional sale and purchase agreement to dispose of an investment property owned by an indirectly wholly owned subsidiary of the Company to an independent third party for a cash consideration of approximately HK$34,500,000. The investment property is located at Flat B, 52nd Floor, Tower 2 together with Car Parking Space No. 1053, 1st Floor, Manhattan Hill, No. 1 Po Lun Street, Kowloon, Hong Kong. The disposal transaction was completed on 12 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW ON CONSOLIDATED OPERATING RESULTS

During the year ended 31 March 2020, the Group achieved a revenue of approximately HK$25,403,000 (2019: HK$105,502,000) and a gross profit of approximately HK$23,538,000 (2019: HK$70,066,000), representing a decrease of 75.9% and 66.4% from the year of 2019 respectively.

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

The Group recorded consolidated operating loss of approximately HK$49,359,000 (2019: HK$339,330,000) representing a decrease of 85.5% from the year of 2019. Decrease in operating loss of the Group was mainly due to decrease in allowance for credit losses on trade receivables and decrease in impairment losses of assets relating to a PRC subsidiary.

BUSINESS REVIEW

Commodity trading

In the reporting period, the commodity trading business recorded total revenue of approximately HK$6,124,000 (2019: HK$72,796,000) which accounted for 24.1% of the Group's revenue (2019: 69.0%), representing a decrease of 91.6% as compared with the year of 2019. This was mainly due to decrease in trading volume in oil products and non-oil product lines in particularly plastic materials products, chemical products and display driver IC products during the reporting period.

Since the beginning of 2020, the outlook of the global economy has been filled with uncertainties, in particular, with two major events that are likely to have adverse impact on the development of the Group's commodity trading business, i.e. the outbreak of COVID-19 and the oil price war between Russia and Saudi Arabia.

Due to the outbreak of COVID-19, the global economy has been facing increasing pressure and the overall economic activities have slowed down with widespread lockdowns of cities, resulting in a significant drop in manufacturing purchasing managers index and GDP growth across different countries. Global economic activities have been reduced and therefore it is likely to affect the development of the Group's commodity trading business. The collapse in worldwide demand for oil resulted from the outbreak of COVID-19 has led to a drastic decrease in oil price and created oversupply of oil. Furthermore, the disagreement between Saudi Arabia and Russia, two major oil production countries, on reducing oil production has a negative impact on the oil price. The oil price level remains at a relatively low level as compared to the level in 2019. The Company believes that the

Group's business environment will continue to be challenging in the short to medium term as it takes time for economic recovery. For the reporting period, the trading volume of oil products of the Group decreased as compared with last year.

During the reporting period, the Group has reviewed and enhanced its own internal control procedures in this business segment to mitigate the internal control risks. The Group has also taken the initiative to diversify its supplier base to avoid reliance on a limited number of supply channels. Leveraging on the benefit of closer supervision, more efficient reporting system and enhanced internal control, the Group shall be able to further expand its own customers and suppliers network, broaden its product base, and strengthen the communication with its customers and suppliers.

As for the oil products trading, the Group recorded sales from customers of approximately HK$434,513,000 for the reporting period (2019: HK$2,083,646,000), representing a decrease of 79.1% as compared with 2019. A total of 95,676 tons (2019: 459,790 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 tradings. During the reporting period, revenue of approximately HK$6,631,000 (2019: HK$64,063,000) 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, 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 Fulaerji 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 outbreak of COVID-19 has caused some delays to this process. The renewal of the licence《安全生產許可証》is expected to be completed by late of 2020.

The management has been monitoring the crude oil market and oil price trend in order to determine the appropriate time to re-launch the crude oil business. One of the major reasons for the re-launch was due to the gradual increase in the global oil price in 2019. However, in view of the significant drop in global oil price in March 2020 due to the oil price war between Russia and Saudi Arabia, the management would continue to monitor the latest development of the crude oil market while equipping the Group with the ability to resume production of crude oil at an appropriate time.

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$14,731,000 (2019: HK$19,468,000), representing a decrease of 24.3% 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$1,513,000 (2019: HK$4,895,000) to the Group, representing a decrease of 69.1%.

(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

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$2,048,000 (2019: HK$3,260,000) representing a decrease of 37.2%.

BUSINESS OUTLOOK AND FUTURE PROSPECT

The sudden global economic recession triggered by COVID-19, the oil price war between Russia and Saudi Arabia, and the looming uncertainties about China's economic recovery, will undoubtedly weaken international demand in the second and third quarters of 2020. This is not a normal recession but it will take time to resume the same level of economic activity pre-crisis and the same growth rate. Despite the above uncontrollable events, the Group has actively maintained and expanded its business. Under the current circumstance, the Group will continue to focus on developing the Group's current operations, identify suitable business opportunities and closely monitor the latest economic situation when implementing its business plans as needed.

In 2018, HKEX announced new IPO rules to allow companies with weighted voting right structures. It also established a new concessionary secondary listing route for companies based in the mainland and abroad, wishing for a second listing in Hong Kong. The new rules have basically reformed the listing regime and will make listing more flexible. Also the return of China concept stocks will benefit the Hong Kong stock market in the long run as it will introduce new funds and capitals to the market. The Directors expected revenue growth with promising market outlook, the Group intends to deploy more resources in money lending, securities brokerage and asset management services business.

FINANCIAL REVIEW

Revenue and operating review

The Group recorded a consolidated revenue of approximately HK$25,403,000 (2019: HK$105,502,000), representing a decrease of 75.9% from the year of 2019. The Group's loss for the year attributable to owners of the Company was approximately HK$117,171,000 (2019: HK$402,320,000). Basic loss per share of HK$1.31 cents (2019: HK$4.49 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.

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$401,206,000 (2019: HK$711,733,000) as at 31 March 2020 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. The cumulative balance of impairment allowance on the trade receivable due from the Group's largest customer stood at HK$218,000,000 as at 31 March 2020 (2019: HK$218,000,000).

Loss of assets of a PRC subsidiary

During the year ended 31 March 2019, 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 11 to the consolidated financial statements 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 2020, the Group's current assets were kept at approximately HK$706,757,000 (2019: HK$724,719,000) whilst current liabilities were approximately HK$280,844,000 (2019: HK$169,022,000). The current ratio, being the proportion of total current assets against current liabilities, was 2.5 (2019: 4.3). 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$46,187,000 as at 31 March 2020 (2019: HK$82,768,000). The Group had cash and bank balances which were mostly held in Hong Kong dollars and Renminbi.

As at 31 March 2020, the Group's outstanding bank borrowings, bonds and other borrowing were approximately HK$Nil (2019: 32,182,000), HK$716,755,000 (2019: HK$684,552,000) and HK$25,675,000 (2019: HK$Nil) respectively, while total assets were approximately HK$869,169,000 (2019: HK$988,368,000).

The gearing ratio, calculated by dividing the total borrowings by the total assets, was 85.4% as at 31 March 2020 (2019: 72.5%).

INFORMATION ON CRUDE OIL RESERVES AS OF 31 MARCH 2020

During the year ended 31 March 2019, the management appointed APEX Reservoir Service Inc. ("APEX") as independent professional technical valuer to evaluate the estimated oil reserve of Qiqihar oilfield 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. According to the PRMS definition, the oil reserve should be classified into Proved reserve ("P1"); Probable reserve ("P2") and Possible reserve ("P3"). According to the 富拉爾基油田投融長富集團有限公司合同區石油儲量報告 (the "Technical Report") dated 30 September 2019 prepared by APEX, 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 491,000 tons, 1,236,000 tons and 1,671,000 tons respectively.

The crude oil reserves of the Oilfields

Block	Proved reserve *('000 tons)*	Probable reserve *('000 tons)*	Possible reserve *('000 tons)*	Total oil reserve *('000 tons)*
Fu 710	455.3	587.1	356.7	1,399.1
Fu 718	–	56.3	20.6	76.9
Meilisi 723	35.9	101.7	57.8	195.4
Total Oilfields	491.2	745.1	435.1	1,671.4

Explanation for reserve

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 31 March 2019	491	745	435	1,671
As at 31 March 2020*	491	745	435	1,671

* *According to the Technical Report dated 30 September 2019 prepared by APEX Reservoir Service Inc. and no mining record since the report date, the crude oil reserve as at 31 March 2020 is same as 31 March 2019.*

VALUATION METHODOLOGY

Discounted Cash-flow Method for the Valuation of the Equity Interests of the Oilfields

For the valuation of the equity interests of the Oilfields, we have adopted the Discounted Cash-Flow Method. The discounted cash-flow method is premised on the concept that the value is based on the present value of all future benefits that flow to the shareholder by applying an appropriate discount rate. These future benefits consist of current income distributions, appreciation in the property, or a combination of both. In essence, this valuation method requires a forecast to be made of cash-flow, going out far enough into the future until an assumed stabilization occurs for the assets being appraised. This methodology assumes that the forecasted income/cash-flow will not necessarily be stable in the near term but will stabilize in the future.

The recoverable amount of the Oilfields as of 31 March 2020 is provided by an independent valuer, AP Appraisal Limited.

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 2020, the Group has an aggregate of 51 (2019: 63) employees of which about 17 (2019: 24) 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 did not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil), on the assumption that the audited annual results of the Company for the year ended 31 March 2020 to be published upon completion of the auditing process will be consistent in all material respects with the unaudited results set out herein.

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.

AUDIT COMMITTEE

The Audit Committee of the Company was established with written terms of reference based on terms no less exacting than the required standard in the CG Code as set out in Appendix 14 to the Listing Rules. As at the date of this announcement, the Audit Committee comprises four members, namely Mr. Cheung Kwan Hung (chairman), Mr. Wu Hao, Mr. Lam Tze Chung Felix and Mr. Choi Ho Yan. Mr. Wu Hao is a non-executive Director whereas the other three are independent non-executive Directors.

REVIEW OF UNAUDITED RESULTS

Due to travel restrictions in connection with the recent coronavirus disease (COVID-19) outbreak which have disrupted the reporting and audit processes of the Group's financial statements for the year ended 31 March 2020, the Company cannot publish an annual audited results announcement in accordance with Rule 13.49 of the Listing Rules. The unaudited results contained herein have not been agreed by the Company's auditors.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group; discussed auditing, risk management, internal control systems and financial reporting matters; and reviewed the Group's unaudited annual results for the year ended 31 March 2020.

The items including but not limited to those listed below in the unaudited financial statements of the Group for the year ended 31 March 2020 are affected by travel restrictions and subject to possible adjustments when the Company's auditors finalize the audit procedural works:

(i) the receipt of banking confirmations and other audit confirmations required to complete the audit procedures by the Company's auditor under the relevant audit standard within different parts of the People's Republic of China.

(ii) the carrying value of loan receivables, trade and other receivables stated in the consolidated statement of financial position in the unaudited financial statements of the Group for the year ended 31 March 2020 are subject to review by the auditor and adjustments will be subject to the results of audit works of the auditors, including but not limited to the obtaining confirmations and inspecting of original and source documents that the auditor requires to complete its standard procedural works which have been affected by the travel restrictions in midst of the pandemic situations.

(iii) the impairment assessment of recoverable amount of Qiqihar oilfield has not been finalised as of the date of this announcement.

FURTHER ANNOUNCEMENT(S) AND ANNUAL REPORT

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 March 2020 and the accounting adjustment or material differences (if any) as compared with the unaudited annual results contained herein, and (ii) the proposed convention date, book closure period and record date of the annual general meeting. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Long Well International Holdings Limited
Huang Guobiao
Chairman

Hong Kong, 30 June 2020

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Huang Guobiao, Mr. Wong Kwok Leung, Professor Kwong Ser Yuen Albert and Mr. Lee Siu Fung; (ii) one non-executive Director, namely Mr. Wu Hao; and (iii) three independent non-executive Directors, namely Mr. Cheung Kwan Hung, Mr. Lam Tze Chung Felix and Mr. Choi Ho Yan.