CRTG
China Resources and Transportation Group Ltd
中 國 資 源 交 通 集 團 有 限 公 司

CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED
中國資源交通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 269)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board of directors (the "**Board**") of China Resources and Transportation Group Limited (the "**Company**") announces the annual consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2017 together with comparative figures for the last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000* (Restated)
Revenue	*5*	**727,616**	2,221,556
Cost of sales and other direct operating costs		**(878,435)**	(2,463,504)
Gross loss		**(150,819)**	(241,948)
(Loss)/gain on change in fair value of investment properties		**(4,750)**	338
Gain/(loss) on change in fair value less costs to sell of biological assets		**11,489**	(446)
Gain on settling convertible bonds and non-convertible debt securities		**–**	37,690
Change in fair value of derivative financial instrument		**–**	26,423
Impairment loss on forest concession rights		**–**	(110,831)
Impairment loss on concession intangible asset		**–**	(1,877,027)
Impairment loss on property, plant and equipment		**–**	(103,237)
Impairment loss on goodwill and other intangible assets		**(45,511)**	–
Impairment loss recognised on interests in associates immediately prior to reclassification as disposal group held for sale		**(362,078)**	–
Impairment loss on assets of a disposal group classified as held for sale		**–**	(89)
Other income and other gains or losses	*6*	**9,884**	131,522
Selling and administrative expenses		**(265,030)**	(270,477)
Finance costs	*7*	**(977,207)**	(1,462,207)
Share of results of associates		**(8,655)**	390

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(Restated)
Loss before income tax credit	*8*	**(1,792,677)**	(3,869,899)
Income tax credit	*9*	**8,234**	593
Loss for the year		**(1,784,443)**	(3,869,306)
Loss for the year attributable to:			
Owners of the Company		**(1,676,202)**	(3,456,008)
Non-controlling interests		**(108,241)**	(413,298)
		(1,784,443)	(3,869,306)
		HK$	*HK$*
Loss per share attributable to owners of the Company			
– Basic and diluted	*11*	**(0.25)**	(1.15)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(1,784,443)**	(3,869,306)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**(11,896)**	(181,490)
– Share of other comprehensive income of associates	**312**	(381)
– Release of translation reserve		
– upon disposal of a subsidiary	**901**	(789)
– upon disposal of an associate	**2,473**	–
– upon derecognition of subsidiaries	**1,762**	–
– Net movements in fair value reserve for available-for-sale investments	**7,450**	11,822
Other comprehensive income for the year, net of tax	**1,002**	(170,838)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,783,441)**	(4,040,144)
Total comprehensive income attributable to:		
– Owners of the Company	**(1,677,231)**	(3,619,347)
– Non-controlling interests	**(106,210)**	(420,797)
	(1,783,441)	(4,040,144)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	**31/3/2017** *HK$'000*	31/3/2016 *HK$'000* (Restated)	1/4/2015 *HK$'000* (Restated)
NON-CURRENT ASSETS				
Investment properties		**26,975**	31,689	155,671
Property, plant and equipment		**952,245**	1,046,253	1,444,202
Prepaid lease payments		**33,520**	38,513	44,451
Goodwill and other intangible assets		**47,069**	99,158	400,782
Biological assets		**55,818**	51,784	55,938
Forest concession rights		**–**	–	138,417
Concession intangible asset		**14,501,267**	15,763,277	19,001,931
Long-term deposits and prepayments		**44,680**	291,247	661,127
Interests in associates		**–**	480,551	480,907
Available-for-sale investments		**78,296**	109,750	405,229
TOTAL NON-CURRENT ASSETS		**15,739,870**	17,912,222	22,788,655
CURRENT ASSETS				
Inventories		**63,556**	87,465	288,858
Trade and other receivables	*12*	**205,625**	366,677	351,567
Prepaid lease payments		**857**	912	1,042
Amounts due from non-controlling shareholders of subsidiaries		**14,658**	15,588	28,705
Amounts due from associates		**–**	145,098	116,156
Available-for-sale investments		**–**	–	63,227
Pledged deposits and restricted cash		**–**	–	134,040
Cash and cash equivalents		**53,735**	116,225	298,458
		338,431	731,965	1,282,053
Assets of a disposal group classified as held for sale		**214,231**	58,042	–
TOTAL CURRENT ASSETS		**552,662**	790,007	1,282,053
TOTAL ASSETS		**16,292,532**	18,702,229	24,070,708

	Notes	**31/3/2017**	31/3/2016	1/4/2015
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
CURRENT LIABILITIES				
Trade and other payables	*13*	**1,553,668**	1,813,083	2,183,225
Promissory note		**311,483**	306,892	302,345
Deferred government grants		**–**	–	2,548
Borrowings		**744,581**	843,578	1,865,877
Convertible bonds		**–**	3,189,853	2,630,099
Non-convertible debt securities		**4,395,648**	1,048,403	–
		7,005,380	7,201,809	6,984,094
Liabilities of a disposal group classified as held for sale		**–**	40,364	–
TOTAL CURRENT LIABILITIES		**7,005,380**	7,242,173	6,984,094
NET CURRENT LIABILITIES		**(6,452,718)**	(6,452,166)	(5,702,041)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,287,152**	11,460,056	17,086,614
NON-CURRENT LIABILITIES				
Borrowings		**10,871,494**	11,229,008	11,734,712
Deferred tax liabilities		**1,636**	10,811	58,119
Convertible bonds		**–**	–	2,160,444
Acreage fees payable		**10,454**	10,454	10,454
TOTAL NON-CURRENT LIABILITIES		**10,883,584**	11,250,273	13,963,729
TOTAL LIABILITIES		**17,888,964**	18,492,446	20,947,823
NET (LIABILITIES)/ASSETS		**(1,596,432)**	209,783	3,122,885
CAPITAL AND RESERVES				
Share capital		**1,350,479**	1,350,479	270,096
Reserves		**(3,132,877)**	(1,454,110)	2,198,240
Equity attributable to owners of the Company		**(1,782,398)**	(103,631)	2,468,336
Non-controlling interests		**185,966**	313,414	654,549
(DEFICIENCY IN EQUITY)/TOTAL EQUITY		**(1,596,432)**	209,783	3,122,885

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. CORPORATE INFORMATION

China Resources and Transportation Group Limited (the "**Company**") is an exempted Company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office is the office of Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, P.O. Box 1043, George Town, Grand Cayman, KY1-1102, Cayman Islands. Its principal place of business is located at Room 1801-05, 18/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively refer to as the "**Group**") are expressway operations, trading of petroleum and related products, compressed natural gas ("**CNG**") gas stations operations and timber operations.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New standards and amendments to standards adopted by the Group

The following new and amendments to standards are mandatory for the financial year beginning 1 April 2016:

Annual Improvements Project (Amendments)	Annual Improvements 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

Except as described below, the Group has adopted these standards and the adoption of these standards did not have a significant impact on the Group's results and financial position.

Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants

The Group has applied the Amendments to HKAS 16 and HKAS 41 "Agriculture: Bearer Plants" for the first time in the current year. The Amendments to HKAS 16 "Property, Plant and Equipment" and HKAS 41 "Agriculture" define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continue to be accounted for in accordance with HKAS 41. The camellia trees of the Group have met the definition of bearer plant and are needed to be accounted for under property, plant and equipment since 1 April 2015 and the seedlings and standing trees of the Group continue to be accounted for under biological assets.

Summary of the effects of the above change in Amendments to HKAS 16 and HKAS 41

The effects of the change in Amendments to HKAS 16 and HKAS 41 described above on the audited consolidated statement of financial position of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2016, are as follow:

	As at 31 March 2016 (Originally stated)	**Adjustments**	**As at 31 March 2016 (Restated)**
	HK$'000	*HK$'000*	*HK$'000*
Effects on non-current assets:			
Property, plant and equipment	1,023,891	22,362	1,046,253
Biological assets	74,684	(22,900)	51,784
Net assets	210,321	(538)	209,783
Accumulated losses	(4,524,309)	(551)	(4,524,860)
Equity attributable to owners of the Company	(103,093)	(538)	(103,631)
Non-controlling interests	313,414	–	313,414
Total equity	210,321	(538)	209,783
Loss for the year ended 31 March 2016	(3,868,886)	(420)	(3,869,306)
Other comprehensive income for the year ended 31 March 2016:			
Exchange differences on translation of financial statements of foreign operations	(181,503)	13	(181,490)

The effects of the change in Amendments to HKAS 16 and HKAS 41 described above on the audited consolidated statement of financial position of the Group as at the beginning of the comparative period. i.e. 1 April 2015, are as follow:

	As at 1 April 2015 (Originally stated)	**Adjustments**	**As at 1 April 2015 (Restated)**
	HK$'000	*HK$'000*	*HK$'000*
Effects on non-current assets:			
Property, plant and equipment	1,420,561	23,641	1,444,202
Biological assets	79,710	(23,772)	55,938
Net assets	3,123,016	(131)	3,122,885
Accumulated losses	(1,338,370)	(131)	(1,338,501)
Equity attributable to owners of the Company	2,468,467	(131)	2,468,336
Non-controlling interests	654,549	–	654,549
Total equity	3,123,016	(131)	3,122,885

There are no material effects of the change in Amendments to HKAS 16 and HKAS 41 described above on the audited basic and diluted loss per share for the prior year ended 31 March 2016.

Other than the above described, there are no other new standards or amendments to standards that are effective for the first time for the financial year beginning on or after 1 April 2016 that are expected to have a material impact on the Group.

(b) New Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or later periods and have not been early adopted by the Group:

HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15[2]
HKFRS 16	Leases[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective date to be determined

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

A summary of significant accounting policies adopted by the Group is set out below.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement and going concern assumption

Basis of measurement

The consolidated financial statements have been prepared under historical cost basis except for investment properties, office building included in property, plant and equipment, derivative financial instrument, available-for-sale investments with quoted market price, and biological assets and assets of a disposal group classified as held for sale, which are measured at revalued amounts, fair values, fair value less costs to sell or lower of carrying amount as explained in the accounting policies.

Going concern assumption

As at 31 March 2017, the Group had net current liabilities and net liabilities of HK$6,452,718,000 and HK$1,596,432,000, respectively, and the Group incurred a loss of HK$1,784,443,000 (2016: HK$3,869,306,000) for the year then ended. The Company was in default in the repayment of the promissory note of HK$311,483,000 and non-convertible debt securities of HK$4,395,648,000 (including the matured convertible bonds), together with the outstanding interests and default interests accrued thereon of HK$379,307,000, amounted to HK$5,086,438,000 at 31 March 2017. At 31 March 2017, the Group has reached an agreement with one creditor bank for settlement of a bank loan together with outstanding interest of approximately HK$164 million which was subsequently repaid. The Group is still undergoing negotiations with the holders ("**Bondholders**") of non-convertible debt securities (including the matured convertible bonds) for possible debt restructuring. 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 and in consequence, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of the above, the directors of the Company have undertaken the following measures to improve its liquidity position which include:

(i) The Group is currently in discussions with the Bondholders of debts due by the Group of HK$4,395,648,000 at 31 March 2017, for possible debt restructuring which, the directors believe, if successfully made, the Group could have sufficient time to implement the plans for realisation of its assets to raise adequate funds for repaying the debts payable to the Bondholders. Up to the date of approval for the consolidated financial statements, the Group has not yet reached a formal debt restructuring agreement with the Bondholders;

(ii) On 28 December 2016 and 30 December 2016, the Company, its wholly-owned subsidiary, Cheer Luck Technology Limited ("**Cheer Luck**") and four independent third party purchasers (which are state-owned enterprises incorporated in the PRC) entered into four separate disposal agreements (the "**Disposal Agreements**"), pursuant to which, Cheer Luck has conditionally agreed to sell, and (i) Purchaser A has conditionally agreed to acquire 25% equity interests of Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("**Zhunxing**") at Consideration A of RMB1,125 million (equivalent to HK$1,260 million) (subject to the adjustment, representing 25% of the net assets of Zhunxing as at 31 December 2016 based on a valuation report to be prepared by an independent valuer appointed by Purchase A) and (ii) Purchaser B, Purchaser C and Purchaser D have conditionally agreed to acquire 18%, 18% and 10%, at Consideration B, Consideration C and Consideration D, respectively, each of which is determined with reference to the respective share of net assets of Zhunxing at 31 December 2016 based on another valuation to be prepared by another independent valuer jointly appointed by Purchaser B, C and D. The completion of each disposal under each of the Disposal Agreements is also subject to satisfaction of certain conditions precedent. Based on the terms of each of the Disposal Agreements, the Group shall have an obligation to buy back from Purchaser A and an option to buy back from each of Purchaser B, C and D, within five years after the respective date of completion of each of these disposals, all these 71% equity interests in Zhunxing at a consideration same as the proceeds of each of these disposals to be received by the Group with a guaranteed return to each of these purchasers of 4.5% per annum for the period commencing from the date of completion of each of these disposals to the date when each of the buy-back obligation or buy-back options is exercised by the Group. The disposals are considered as financing in nature and the Group shall continue to exercise control over Zhunxing which will continue to be consolidated into the consolidated financial statements of the Group after the completion of these disposals.

Up to the date of approval for the consolidated financial statements, the sales consideration for the each of these disposals have not yet been finalised because the valuation reports on the net assets of Zhunxing at 31 December 2016 have not yet been finalised by the two independent valuers appointed by the purchasers and the conditions precedent to each of these disposals under the Disposal Agreements are yet to be satisfied. The directors of the Company considered that if the financing arrangements through disposals and buy-backs of the 71% equity interest of Zhunxing under the Disposal Agreements were successfully completed, the Group would have sufficient funds to partially settle the debts payable to the Bondholders and to meet its financial requirements in the foreseeable future; and

(iii) On 28 April 2017, the Group and an independent third party buyer entered into an agreement, pursuant to which, the Group has agreed to sell and the buyer has agreed to buy the Group's 45% equity interests in an associate together with the amounts due from that associate and its subsidiaries, which were classified as assets of a disposal group held for sale in the consolidated statement of financial position as at 31 March 2017, for an aggregate consideration of RMB200 million (equivalent to approximately HK$226 million). On 1 June 2017, the disposal was completed and the Group had subsequently received the sale consideration of RMB200 million (equivalent to approximately HK$226 million), of which approximately HK$164 million was applied for repaying part of the Group's bank borrowings on 1 June 2017 and the balance will be used as working capital of the Group.

(iv) On 23 June 2017, the Company and an independent third party (the "**Seller**") entered into a legally non-binding memorandum of understanding which sets out the proposal under which the Company intends to acquire the pawn loan business (the "**Business**") from the Seller and its other owners (the"**Proposed Acquisition**"). If the Proposed Acquisition materializes, the Company will satisfy the consideration of the Proposed Acquisition through the issuance of new shares of the Company to the Seller and the other owners of the Business. The details and terms of the Proposed Acquisition are still subject to negotiation and finalization.

Up to the date of approval of the consolidated financial statements, the Group's measures described in (i), (ii) and (iv) above have not yet been completed. The directors of the Company have prepared a cash flow forecast of the Group for a period covered not less than twelve months from 31 March 2017. Based on the forecast which has assumed the successful implementation of the above measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 March 2017. Accordingly, the financial statements have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities that may arise. The effects of these potential adjustments have not been reflected in these financial statements.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("**HK$**" or "**HKD**"), which is the same as the functional currency of the Company.

4. SEGMENT INFORMATION

The Chief operating decision makers have been identified as executive directors of the Company. They review the Group's internal reporting in order to assess performance and allocate resources, and determine the operating segments.

The Group has three reportable segments. The segments are managed separately as each business offers different products or provides different services and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

- Expressway operations – the operations, management, maintenance and auxiliary facility investment of Zhunxing Expressway;

- Petroleum business – trading of petroleum and related products and operations of CNG gas stations; and

- Timber operations – sales of timber logs from forest concession, tree plantation area and outside suppliers, sales of seedlings and refined plant oil.

There was no inter-segment sale or transfer during the year (2016: HK$Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

The measure used for reportable segment profit or loss is loss before interest and tax.

Segment assets exclude investment property in Australia, assets of a disposal group classified as held for sale, interest in associates – Yichang Group, available-for-sale investments, amounts due from non-controlling shareholders of subsidiaries, amounts due from associates, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude promissory note, convertible bonds, non-convertible debt securities, liabilities of a disposal group classified as held for sale, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(a) Reportable Segment

For the year ended 31 March 2017

	Expressway operations	**Petroleum business**	**Timber operations**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE				
Revenue from external customers	**535,637**	**188,340**	**3,639**	**727,616**
Inter-segment revenue	**–**	**–**	**–**	**–**
Reportable segment revenue	**535,637**	**188,340**	**3,639**	**727,616**
Reportable segment loss	**(193,828)**	**(140,442)**	**(38,184)**	**(372,454)**
Reportable segment assets	**15,471,337**	**136,912**	**236,350**	**15,844,599**
Reportable segment liabilities	**(12,575,758)**	**(189,834)**	**(22,373)**	**(12,787,965)**

	Expressway operations *HK$'000*	Petroleum business *HK$'000*	Timber operations *HK$'000*	Total *HK$'000*
Other segment information				
Additions of property, plant and equipment	**49,293**	**130**	**85**	**49,508**
Unallocated additions of property, plant and equipment				**26**
Total additions of property, plant and equipment				**49,534**
Additions of biological assets	**–**	**–**	**2,505**	**2,505**
Depreciation of property, plant and equipment	**80,611**	**3,712**	**4,939**	**89,262**
Unallocated depreciation of property, plant and equipment				**415**
Total depreciation of property, plant and equipment				**89,677**
Amortisation of prepaid lease payments	**–**	**431**	**514**	**945**
Unallocated amortisation of prepaid lease payments				**–**
Total amortisation of prepaid lease payments				**945**
Amortisation of customer relationship	**–**	**1,593**	**–**	**1,593**
Amortisation of concession intangible asset	**552,023**	**–**	**–**	**552,023**
Impairment loss on goodwill and other intangible assets	**–**	**45,511**	**–**	**45,511**
Interest income	**9,792**	**29**	**48**	**9,869**
Unallocated interest income				**4,903**
Total interest income				**14,772**

For the year ended 31 March 2016

	Expressway operations *HK$'000*	Petroleum business *HK$'000*	Timber operations *HK$'000*	Total *HK$'000* (Restated)
REVENUE				
Revenue from external customers	501,052	1,663,069	57,435	2,221,556
Inter-segment revenue	–	–	–	–
Reportable segment revenue	501,052	1,663,069	57,435	2,221,556
Reportable segment loss	(2,266,326)	(65,141)	(163,448)	(2,494,915)
Reportable segment assets	17,082,906	352,897	277,841	17,713,644
Reportable segment liabilities	(13,338,359)	(296,677)	(30,031)	(13,665,067)

	Expressway operations *HK$'000*	Petroleum business *HK$'000*	Timber operations *HK$'000*	Total *HK$'000* (Restated)
Other segment information				
Additions of property, plant and equipment	1,272	978	1,431	3,681
Unallocated additions of property, plant and equipment				496
Total additions of property, plant and equipment				4,177
Additions of biological assets	–	–	4,181	4,181
Depreciation of property, plant and equipment	94,847	6,812	8,079	109,738
Unallocated depreciation of property, plant and equipment				1,813
Total depreciation of property, plant and equipment				111,551
Amortisation of prepaid lease payments	–	412	580	992
Unallocated amortisation of prepaid lease payments				34
Total amortisation of prepaid lease payments				1,026
Amortisation of customer relationship	–	3,687	–	3,687
Amortisation of forest concession rights	–	–	27,586	27,586
Amortisation of concession intangible asset	617,143	–	–	617,143
Impairment loss of forest concession rights	–	–	110,831	110,831
Impairment loss of property, plant and equipment	97,846	–	5,391	103,237
Impairment loss on concession intangible asset	1,877,027	–	–	1,877,027
Interest income	10,334	197	4,819	15,350
Unallocated interest income				2,554
Total interest income				17,904

(b) Reconciliation of reportable segment results, assets and liabilities

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Reportable segment loss before interest and income tax credit	**(372,454)**	(2,494,915)
Impairment loss recognised on interests in associates immediately prior to reclassification as disposal group held for sale	**(362,078)**	–
Impairment loss on assets of a disposal group classified as held for sale	**–**	(89)
(Loss)/gain on change in fair value of investment properties	**(4,750)**	338
Gain on settling convertible bonds and non-convertible debt securities	**–**	37,690
(Loss)/gain on disposal of subsidiaries	**(627)**	64,670
Change in fair value of derivative financial instrument	**–**	26,423
Other income and other gains or losses	**(3,211)**	27,498
Finance costs	**(977,207)**	(1,462,207)
Share of results of associates	**(10,234)**	(621)
Unallocated corporate expenses	**(62,116)**	(68,686)
Consolidated loss before income tax credit	**(1,792,677)**	(3,869,899)
Assets		
Reportable segment assets	**15,844,599**	17,713,644
Assets of a disposal group classified as held for sale	**214,231**	58,042
Investment properties	**26,975**	31,689
Interests in associates	**–**	448,916
Cash and cash equivalents	**53,735**	116,225
Available-for-sale investments	**78,296**	109,750
Amounts due from non-controlling shareholders of subsidiaries	**14,658**	15,588
Amounts due from associates	**–**	145,098
Unallocated corporate assets	**60,038**	63,277
Consolidated total assets	**16,292,532**	18,702,229
Liabilities		
Reportable segment liabilities	**12,787,965**	13,665,067
Liabilities of a disposal group classified as held for sale	**–**	40,364
Deferred tax liabilities	**1,636**	10,811
Promissory note	**311,483**	306,892
Convertible bonds	**–**	3,189,853
Non-convertible debt securities	**4,395,648**	1,048,403
Unallocated corporate liabilities	**392,232**	231,056
Consolidated total liabilities	**17,888,964**	18,492,446

(c) Geographical information

The Group operates in two principal geographical areas – the People's Republic of China ("**PRC**") and Hong Kong.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("**Specified non-current assets**").

	Revenue from external customers		**Specified non-current assets**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)
PRC	**727,616**	2,172,054	**15,633,898**	17,769,428
Hong Kong	**–**	49,502	**701**	1,355
Australia	**–**	–	**26,975**	31,689
	727,616	2,221,556	**15,661,574**	17,802,472

(d) Information about major customers

The Group's customer base is diversified. Individual external customers accounting for 10% or more of the Group's revenue for the years ended 31 March 2017 and 2016 are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**–**	542,929
Customer B	**–**	238,757
Customer C	**–**	235,099
Customer D	**–**	221,280
	–	1,238,065

For the above presentation purpose, sales to entities which are known to the Group to be under common control by the same ultimate parent company are grouped as a single customer. There was no customer contributing over 10% of the Group's revenue for the year ended 31 March 2017. During the year ended 31 March 2016, all of the revenue disclosed above is derived from the Group's petroleum business segment in the PRC.

5. REVENUE

Revenue represents the revenue from the principal activities of the Group, net of any sales taxes. The amounts of each significant category of revenue recognised in revenue during the year are as follows:

	2017	2016
	HK$'000	*HK$'000*
Toll income from toll road operations	**535,637**	501,052
Trading of petroleum and related products	**163,354**	1,643,310
CNG gas station service income	**24,986**	19,759
Income from timber logging and trading	**–**	49,642
Sales of seedlings	**2,003**	5,843
Sales of plant-oil	**1,636**	1,950
	727,616	2,221,556

6. OTHER INCOME AND OTHER GAINS OR LOSSES

Other income and other gains or losses comprises:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Interest income	**14,772**	17,904
Exchange gain, net	**20**	1,754
Amortisation of deferred government grants	**–**	2,463
Rental income	**270**	2,044
(Loss)/gain on disposal of subsidiaries	**(627)**	64,670
(Loss)/gain on disposal of available-for-sale investments	**(6,166)**	39,485
Loss on disposal of an associate	**(1,629)**	–
Gain on disposal of property, plant and equipment	**300**	–
Gain on disposal of forestry	**442**	–
Others	**2,502**	3,202
	9,884	131,522

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest and finance costs on bank and other borrowings	**631,919**	816,743
Interest expenses on convertible bonds and non-convertible debt securities	**179,009**	577,794
Interest expenses on promissory note	**4,591**	4,547
Default interest on convertible bonds and non-convertible debt securities	**105,681**	7,797
Default interest on promissory note	**56,007**	55,326
	977,207	1,462,207

8. LOSS BEFORE INCOME TAX CREDIT

Loss before income tax credit is stated after charging:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Auditor's remuneration		
– Audit services	**1,750**	2,700
– Non-audit services	**230**	615
Depreciation of property, plant and equipment *(Note a)*	**89,677**	111,551
Amortisation of prepaid lease payments *(Note b)*	**945**	1,026
Amortisation of customer relationships	**1,593**	3,687
Amortisation of forest concession rights included in selling and administrative expenses	**–**	27,586
Amortisation of concession intangible asset included in cost of sales	**552,023**	617,143
Amortisation of deferred government grants	**–**	(2,463)
Write-off of inventories	**–**	526
Operating lease payments recognised as expenses	**17,027**	17,489
Cost of inventories sold	**184,020**	1,681,109
Impairment loss of trade and other receivables, net	**104,323**	20,760
Staff costs (excluding directors' remuneration):		
– Salaries and allowances *(Note c)*	**74,773**	82,498
– Defined contributions pension costs	**6,292**	7,501

Note (a): An analysis of the Group's depreciation of property, plant and equipment is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Amounts included in cost of sales	**77,406**	90,271
Amounts included in selling and administrative expenses	**12,271**	21,280
	89,677	111,551

Note (b): An analysis of the Group's amortisation of prepaid lease payments is as follows:

	2017	2016
	HK$'000	*HK$'000*
Amounts included in biological assets	**514**	580
Amounts included in selling and administrative expenses	**431**	446
	945	1,026

Note (c): An analysis of the Group's salaries and allowances is as follows:

	2017	2016
	HK$'000	*HK$'000*
Amounts included in cost of sales	**28,109**	31,958
Amounts included in selling and administrative expenses	**46,664**	50,540
	74,773	82,498

9. INCOME TAX CREDIT

The income tax credit comprises:

	2017	2016
	HK$'000	*HK$'000*
PRC enterprise income tax		
Current tax expense	**560**	594
Deferred tax credit		
– reversal of temporary differences	**(8,794)**	(1,187)
Total	**(8,234)**	(593)

The income tax credit for the year can be reconciled to the loss per consolidated statement of profit or loss as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Loss before income tax credit	**(1,792,677)**	(3,869,899)
Tax calculated at 25% (2016: 25%)	**(448,169)**	(967,475)
Net effect of non-taxable/deductible items	**394,738**	860,037
Net effect of tax losses and temporary differences not recognised	**10,802**	28,187
Effect of different tax rates of subsidiaries operating in other jurisdictions	**34,395**	78,658
Income tax credit	**(8,234)**	(593)

The PRC State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 (the "**Implementation Rules**"). According to the Implementation Rules, an entity engaged in forestry business is entitled to full exemption from PRC enterprise income tax commencing from 1 January 2008. 樹人木業 (大埔) 有限公司 and 樹人苗木組培 (大埔) 有限公司, subsidiaries of the Company, are qualified as forestry operation enterprise by the local tax authorities and so they are fully exempted from PRC enterprise income tax.

Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("**Zhunxing**"), a subsidiary of the Company, is entitled to a three-year exemption from PRC enterprise income tax followed by a 50% reduction in PRC enterprise income tax for subsequent three years (the "**Tax Holiday**"). As Zhunxing has started operations during the year ended 31 March 2014, the Tax Holiday has been started in 2014. Consequently, Zhunxing is exempted from PRC enterprise income tax rate from 2014 to 2016 and is subject to a 12.5% PRC enterprise income tax rate from 2017 to 2019.

For the year ended 31 March 2017, the statutory PRC enterprise income tax rate applicable to all other subsidiaries established and operating in the PRC is 25% (2016: 25%).

According to the PRC Corporate Income Tax Law and its implementation rules, dividends receivable by non-PRC resident corporate investors from PRC-resident enterprises are subject to withholding income tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

The statutory tax rate for Hong Kong profits tax is 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for the Hong Kong profits tax has been made as the Group did not earn any income subject to Hong Kong profits tax during the years ended 31 March 2017 and 2016.

The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45% (2016: 45%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the years ended 31 March 2017 and 2016.

The subsidiaries in Australia are liable to Australian income tax at a rate of 30% (2016: 30%). No provision for Australian income tax has been made as the subsidiaries in Australia sustained losses for taxation purposes for the years ended 31 March 2017 and 2016.

10. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: HK$Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss for the year attributable to owners of the Company:

	2017 ***HK$'000***	2016 *HK$'000* (Restated)
Loss for the purposes of basic and diluted loss per share	**(1,676,202)**	(3,456,008)
Number of shares:	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**6,752,396**	3,018,284

For the years ended 31 March 2017 and 2016, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as they had an anti-dilutive effect on the loss per share calculation.

The computation of diluted loss per share for the years ended 31 March 2017 and 2016 does not assume the exercise of the Company's outstanding share options as the exercise prices of those options are higher than the average market price for shares.

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**17,983**	14,369
Less: Provision for impairment loss	**(10,154)**	(9,103)
Trade receivables, net	**7,829**	5,266
Other receivables	**145,331**	161,011
Loan to non-controlling shareholder of a subsidiary	**99,331**	83,629
Loan receivables	**60,665**	97,444
Less: Provision for impairment loss	**(125,376)**	(24,701)
Other receivables, net	**179,951**	317,383
Deposits paid	**3,583**	4,390
Prepayments	**14,262**	39,638
	205,625	366,677

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to over three months or more for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The below table reconciles the impairment loss of trade and other receivables for the years:

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**33,804**	13,527
Add: Impairment loss recognised *(Note 8)*	**104,323**	20,760
Exchange differences	**(2,597)**	(483)
At 31 March	**135,530**	33,804

Details of the ageing analysis of trade receivables of the Group (net of impairment loss) are as follows:

	2017	2016
	HK$'000	*HK$'000*
Outstanding balances aged:		
0 to 30 days	**6,654**	3,819
31 to 60 days	**1,077**	–
61 to 180 days	**98**	42
Over 180 days	**–**	1,405
	7,829	5,266

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,654**	3,819
30 to 90 days past due	**1,175**	42
Over 90 days past due	**–**	1,405
	7,829	5,266

Trade receivables that were neither past due nor impaired related to a number of independent customers for whom there was no recent history of default.

The ageing analysis of other receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**144,577**	279,414
Over 90 days past due	**35,374**	37,969
	179,951	317,383

Other receivables that were neither past due nor impaired related to a number of other debtors for whom there was no recent history of default.

Loan to non-controlling shareholder of a subsidiary is unsecured, interest free and repayable on demand.

An advance to a third party of HK$30,332,000 (HK$65,754,000) was included in the loan receivables, and was made on 1 August 2015. It is unsecured, bearing interest at the rate of 14% per annum and is repayable on or before the end of 2017.

13. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**130**	1,505
Other payables and accruals *(Note i)*	**1,551,896**	1,776,591
Deposit received from customers	**1,642**	34,987
	1,553,668	1,813,083

Note:

(i) Analysis of other payables and accruals is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Construction costs payable	**765,299**	1,082,662
Retention and guarantee deposit	**181,423**	203,108
Accrued interest on the bank borrowings	**71,461**	171,494
Accrued default interest on promissory note	**265,829**	209,822
Accrued default interest on matured convertible bonds	**69,940**	5,816
Accrued default interest on non-convertible debt securities	**43,538**	1,981
Other accruals	**154,406**	101,708
	1,551,896	1,776,591

(ii) The carrying amounts of other payables and accruals at the end of reporting period approximate their fair values.

(iii) Details of the ageing analysis of trade payables of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Outstanding balances aged:		
Within 30 days	**–**	850
31 to 60 days	**–**	589
Over 61 days	**130**	66
	130	1,505

14. EVENTS AFTER REPORTING DATE

(a) Subsequently on 28 April 2017, the Group and an independent third party buyer entered into an agreement, pursuant to which, the Group has agreed to sell and the buyer has agreed to buy the Group's 45% equity interests in the associates and the amounts due from those associates which were reclassified as assets of a disposal group held for sale at 31 March 2017 for an aggregate consideration of RMB200 million (equivalent to approximately of HK$226 million) which was fully received by the Group on 1 June 2017. The disposal was subsequently completed on 1 June 2017.

(b) On 16 March 2017, the Group and an independent third party (the "**Vendor**") entered into a sale and purchase agreement (the "**Agreement**") pursuant to which the Vendor conditionally agreed to sell, and the Group conditionally agreed to acquire of 60% of the entire issued share capital of a target company which is incorporated in the British Virgin Islands, for an aggregate consideration of HK$138,000,000, which shall be satisfied in full by the Group procuring the Company to allot and issue an aggregate of 690,000,000 consideration shares at the issue price of HK$0.20 per consideration share to the Vendor or his nominees in accordance with the terms and conditions of the Agreement. The target company has an indirectly wholly-owned subsidiary which is incorporated in the PRC and is principally engaged in growing and sales of forage and agriculture products in the PRC. The acquisition transaction was completed on 10 May 2017.

(c) On 23 June 2017, the Company and an independent third party (the "**Seller**") entered into a legally non-binding memorandum of understanding which sets out the proposal under which the Company intends to acquire the pawn loan business (the "**Business**") from the Seller and its other owners (the "**Proposed Acquisition**"). If the Proposed Acquisition materializes, the Company will satisfy the consideration of the Proposed Acquisition through the issuance of new shares of the Company to the Seller and the other owners of the Business. The details and terms of the Proposed Acquisition are still subject to negotiation and finalization.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 MARCH 2017

For the year ended 31 March 2017, the Group was principally engaged in expressway operations, trading of petroleum and related products, compressed natural gas ("**CNG**") gas stations operations and timber operations.

BUSINESS REVIEW

Operation of Zhunxing Expressway

During the year, the Company's revenue was mainly contributed by toll income from the 265-kilometre heavy-haul toll expressway in Inner Mongolia ("**Zhunxing Expressway**") operated by Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited* (內蒙古准興重載高速公路有限責任公司) ("**Zhunxing**") which is indirectly held as to 86.87% by the Company.

For the year ended 31 March 2017, Zhunxing Expressway recorded an accumulated toll income of approximately RMB464.27 million (approximately HK$534.00 million), i.e. an average daily toll income of approximately RMB1.27 million (approximately HK$1.46 million) and an average daily traffic volume of approximately 4,293 vehicles (for the year ended 31 March 2016, was approximately RMB1.12 million (approximately HK$1.37 million) and the average daily traffic volume was approximately 3,585 vehicles).

Upon traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group actively introduced measures and promotions to build client base. Yet, a number of factors restrained the growth of both traffic volume and toll income of Zhunxing Expressway during the year:

(1) Under the influence of the national macroeconomic environment and environmental policy, the weak demand in coal and tightened supervision on coal output capacity by the PRC government of all levels caused the coal market to remain sluggish;

(2) following the implementation of coal capacity reduction policy which targets to cut a number of coal mines in the PRC by 2020, the initial output cuts posed negative impacts on the traffic volume of coal transport vehicles; and

(3) the auxiliary facilities of some service areas and major petrol and gas stations were not in full operation, which caused inconvenience to some users of Zhunxing Expressway.

In order to accelerate the growth in traffic volume and toll income of Zhunxing Expressway, Zhunxing is actively implementing a number of measures to promote and attract more coal transport vehicles to run on Zhunxing Expressway on a regular basis:

(1) closely keep track with competitors to cope with any new market changes brought by the toll collection network. Zhunxing continues to fine-tune its business strategies to seek revenue growth in this tough market environment:

   (i) promoting the advantageous features of Zhunxing Expressway including its tunnel-free nature and the absence of hazardous chemical transport restrictions to attract specific customers;

   (ii) offering discount plans to major customers to enhance the usage of Zhunxing Expressway;

   (iii) brand building with quality auxiliary services in catering and vehicle maintenance with the objective to maintain and grow customer loyalty and recognition;

   (iv) executing effective road maintenance program to preserve Zhunxing Expressway in its originally constructed condition, protect road users' safety and provide efficient and convenient travel along the route; and

   (v) reinforcing a safe and expedient driving environment by implementing a 24-hour patrol service which aims to swiftly resolve spontaneous traffic incidents and minimise the time to restore traffic fluency on Zhunxing Expressway;

(2) timely update on any new market changes brought by the developments of the neighboring logistic bases. Zhunxing proactively liaises with the neighboring logistic bases and coal trading companies to keep up with industry trends and promotes Zhunxing Expressway's advantageous position in bringing together a coal transport process that reinforces traffic fluency, cost-saving and high efficiency; and

(3) push forward the licensing process of auxiliary facilities of service areas and major petrol and gas stations. The petrol and gas stations in the Hohhot section are expected to commence operation in December 2017. The additional services, such as petrol and gas dispensing and supply of food and beverages, are expected to bring convenience to road users and attract a steady cash flow of customers.

Petroleum and Related Products Business

As set out in the interim report of the Company for the period ended 30 September 2016 ("**Interim Report 2016**"), the Group through its wholly owned subsidiary, Shenzhenshi Qianhai Zitong Energy Company Limited* (深圳市前海資通能源有限公司) ("**Zitong Energy**") focused on the development of three ancillary business sectors under the petroleum and related products business segment, namely (1) traditional energy business sector based on refined petroleum trading ("**Refined Petroleum Trading Business**"), (2) clean energy business sector based on contemporary coal chemicals ("**Clean Energy Business**"), and (3) new energy business sector based on CNG ("**New Energy Business**").

In early 2017, the Company and the Company's wholly-owned subsidiary Guangdong Jinjing Energy Company Limited* (廣東金晶能源股份有限公司) ("**Jinjing**"), each received a demand notice from a commercial bank in the PRC, claiming for the immediate repayment for an outstanding amount borrowed and owned by Jinjing, where the Company acted as guarantor. The Company subsequently received a statutory demand under Section 327(4)(a) of the Companies (Winding up and Miscellaneous Provisions Ordinance (Cap 32)) from the commercial bank in relation to the above outstanding amount. On 31 March 2017, the Company, Zitong Energy, Jinjing and the aforesaid bank entered into a settlement agreement in relation to the restructuring and settlement of the outstanding amount and the subsequent arrangement thereunder. Further details on the borrowings are set out under the "Material Events" section below.

In light of the Group's imminent funding requirements in order to meet its short-term financial obligations, the Group has significantly reduced its activities and investments in the Refined Petroleum Trading Business and the Clean Energy Business.

(1) Refined Petroleum Trading Business:

For the year ended 31 March 2017, Zitong Energy and Jinjing recorded sales of petroleum products of approximately 38,000 tons in total (2016: 291,000 tons), whereas revenue from principal business was approximately HK$163.35 million (2016: approximately HK$1,636.34 million).

In order to alleviate the Group's cash flow pressure, Zitong Energy and Jinjing limited their purchases on petroleum products for trading activities, leading to a reduction in trade volume of approximately 87%, and hence a decrease in income of approximately 90% recorded under the petroleum trading business as compared to the last financial year.

(2) Clean Energy Business:

Towards the fourth quarter of this financial year, with the priority on settling the Group's short-term financial obligations of the petroleum business sector, the Group's 85% owned subsidiary Shenzhenshi Qianhai Zitong Clean Energy Company Limited* (深圳市前海資通清潔能源有限公司) has held back its negotiation on the cooperation project with CNOOC Oil & Petrochemicals Company Limited (中海石油煉化有限責任公司) in relation to the partial oxidation coal-to-hydrogen plant under the Huizhou petrochemicals phase II project.

(3) New Energy Business:

For the year ended 31 March 2017, the Group's wholly owned subsidiary Sichuan Leshan Zhongshun Oil and Gas Company Limited* (四川樂山中順油汽有限公司) ("**Leshan Zhongshun**") realised sales of CNG of approximately 8,223m^3 in total (2016: 5,435m^3), amounted to approximately HK$24.99 million (2016: HK$19.76 million).

Forest Operation

During the year, the Group ceased its forest operation in Guyana, South America ("**Guyana**") in order to narrow the Group's business losses and conserve resources. During the fourth quarter of this financial year, the Group's exclusive forest concession rights in Guyana were suspended by the Guyana Forestry Commission, details of which are set out under the "Material Events" section below.

With an aim to increase the cashflows of the Group, the Company will continue to look for opportunity to dispose its forestry related businesses in the PRC.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2017 was approximately HK$727.62 million, representing a decrease of about 67.2% from approximately HK$2,221.56 million for the last financial year. The Group's income was recognised under three reportable segments of the Group, namely expressway operations, petroleum business and timber operations, contributing approximately HK$535.64 million (73.62%), HK$188.34 million (25.88%) and HK$3.64 million (0.50%) (2016: HK$501.05 million (22.55%), HK$1,663.07 million (74.86%) and HK$57.44 million (2.59%)) respectively to the Group's consolidated revenue.

Revenues from two businesses, i.e. HK$534.00 million toll income from expressway operation (2016: HK$500.72 million) and HK$163.35 million income from trading of petroleum and related product (2016: HK$1,636.34 million), constituted the revenue streams of the Group for the year ended 31 March 2017. The income recorded under the Group's petroleum trading business dropped by about 90% during the year due to reduction in trading of petroleum products as discussed in the above "Business Review" section. Nonetheless, the toll income from the expressway operations increased by about 7% during the year as the coal prices slightly recovered.

Cost of Sales

The Group's cost of sales for the year ended 31 March 2017 was approximately HK$878.44 million, representing a decrease of about 64.3% from approximately HK$2,463.50 million for the last financial year. The Group's cost of sales was primarily driven by (i) the reduced cost of sales of petroleum and related products amounted to approximately HK$164.25 million (2016: HK$1,613.70 million), (ii) the reduced amortisation of the concession intangible asset arising from expressway operations to approximately HK$552.02 million (2016: HK$617.14 million), and (iii) the reduced timber and logging costs to approximately HK$3.71 million (2016: HK$53.94 million).

Gross Loss

The Group's gross loss decreased by about 37.7%, from approximately HK$241.95 million for the previous financial year to approximately HK$150.82 million for the year ended 31 March 2017.

EBITDA

For the year ended 31 March 2017, the Group recorded a decreased EBITDA (defined as earnings before interest, tax, depreciation, amortisation and non-cash changes in values of assets and liabilities) amounted to approximately HK$185.21 million as compared to the EBITDA of approximately HK$396.47 million for the last financial year. The 53% decline in EBITDA was primarily driven by the reduced revenue from the Group's petroleum business as discussed above. Detailed segment revenue and contribution to loss before tax credit of the Group are shown in Note 4 to the financial statements in this announcement.

Increase in fair value of the biological assets

For the purpose of estimating the fair value of the Group's biological assets in the PRC as at 31 March 2017, an independent valuation was performed by LCH (Asia-Pacific) Surveyors Limited (the "**Valuer**"), a firm of qualified professional surveyors and international valuation consultants with over 20 years of valuation experience. The Board is satisfied that the Valuer is independent and competent to conduct the valuation. As at 31 March 2017, the Group recorded a gain on the change in fair value less costs to sell of biological assets amounted to approximately HK$11.49 million (2016: a loss of approximately HK$0.45 million (restated)).

Loss for the year

The Group's net loss for the year ended 31 March 2017 was approximately HK$1,784.44 million, representing a drop of about 53.9% from approximately HK$3,869.31 million (restated) for the year ended 31 March 2016. Apart from the decrease in revenue for the year as discussed above, the Group's net loss for the year was primarily contributed by (i) the reduced finance cost of the Group amounted to approximately HK$977.21 million (2016: HK$1,462.21 million) mainly due to the disposal of a subsidiary under the petroleum business during the previous financial year and interest expense on the outstanding debt securities being accrued at default rate after the respective contractual maturity; (ii) an one-off impairment loss of approximately HK$362.08 million (2016: HK$Nil) recognised on interests in associates immediately prior to reclassification as disposal group being classified as held for sale; and (iii) the reduced Group's selling and administrative expenses amounted to approximately HK$265.03 million (2016: HK$270.48 million). The Group's 2.0% drop in selling and administrative expenses during the year was primarily contributed by (a) the reduced petroleum products freight charges to HK$2.71 million (2016: HK$34.72 million) as the trading activities in petroleum products reduced; (b) the reduced depreciation and amortisation to HK$14.72 million (2016: HK$50.74 million) following the recognition of impairment loss under the expressway operations business during the last financial year; and (c) an increased impairment loss of trade and other receivables to approximately HK$104.32 million (2016: HK$20.76 million).

The loss attributable to owners of the Company for the year was approximately HK$1,676.20 million (2016: HK$3,456.00 million (restated)). Both the basic and diluted loss per share attributable to owners of the Company for the year were HK$0.25 as compared with HK$1.15 for the last financial year.

LIQUIDITY REVIEW

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group's assets portfolio is mainly financed by its borrowings and debt securities.

As at 31 March 2017, the Group was in a net liabilities position of approximately HK$1,596.43 million as compared with a net assets position of approximately HK$209.78 million (restated) as at 31 March 2016. The gearing ratio of the Group, measured as total liabilities to total assets, was 109.8% (2016: 98.9%).

As at 31 March 2017, the Group had cash and bank balances of approximately HK$53.74 million (2016: HK$116.23 million) and its available banking facilities were amounted to approximately HK$11,743.49 million (2016: HK$12,769.82 million), out of which approximately HK$11,616.08 million (2016: HK$12,072.59 million) has been utilised.

Borrowings

The Group's outstanding borrowings as at 31 March 2017, all being dominated in RMB, amounted to approximately HK$11,616.08 million (2016: HK$12,072.59 million). Approximately HK$614.64 million (2016: HK$1,151.67 million) of the Group's outstanding borrowings were charged at fixed rates. About 6% (2016: 7%) of the Group's outstanding borrowings were repayable within one year.

As expressway operation is a capital intensive industry, approximately 99% of the Group's outstanding borrowings amounted to RMB10,156.61 million (approximately HK$11,513.90 million), were obtained and drawn down primarily for the construction of Zhunxing Expressway as at 31 March 2017. The syndicated loan facilities of RMB8,786.22 million (approximately HK$9,906.72 million) granted by several PRC banks in December 2012, including short term loans of RMB57.00 million (approximately HK$64.27 million) and long term loans of RMB8,729.22 million (approximately HK$9,842.46 million), were secured by Zhunxing's receivables of toll income. Furthermore, Zhunxing obtained and drawn down short term loans of RMB457.75 million (approximately HK$516.13 million) and long term loans of RMB912.65 million (approximately HK$1,029.04 million) from several authorised financial institutions in the PRC, of which approximately RMB962.02 million (approximately

HK$1,084.71 million) was secured by a combination of (i) Zhunxing's receivables of toll income, (ii) the Group's equity interests in Zhunxing and/or (iii) certain Zhunxing's investments.

Capital Commitments

The Group's outstanding capital commitments as at 31 March 2017 increased to approximately HK$236.69 million (2016: HK$25.04 million), representing the capital expenditure arising from acquisition of property, plant and equipment for the businesses in Inner Mongolia and the acquisition of 60% Red Sino Investments Limited which was settled by the issue of consideration shares on 10 May 2017.

Going Concern

During the year, the Group suffered a loss of HK$1,784.44 million (2016: HK$3,869.31 million (restated)), and as at 31 March 2017, the Group had net current liabilities of HK$6,452.72 million (2016: HK$6,452.17 million) and net liabilities of HK$1,596.43 million (2016: net assets of HK$209.78 million (restated)), respectively. As at 31 March 2017, the Company's outstanding non-convertible debt securities (including the matured convertible bonds) were as follows:

Holder of non-convertible debt securities	**Principal amount** *(HK$)*	**Maturity date**
China Life Insurance (Overseas) Company Limited	800,000,000	10 February 2016
China Life Insurance (Overseas) Company Limited	700,000,000	24 January 2017
Cross-Strait Capital Limited	32,000,000	10 February 2016
Dr. Lo Ka Shui	36,000,000	3 March 2016
Dr. Lo Ka Shui	35,000,000	3 September 2016
Li Ka Shing (Canada) Foundation	464,000,000	3 March 2016
Li Ka Shing (Canada) Foundation	465,000,000	3 September 2016
Strait Capital Service Limited	800,000,000	24 January 2017
Strait CRTG Fund, L.P.	700,000,000	24 January 2017
Total	4,032,000,000	

As at 31 March 2017, the Group was due to repay the promissory note and all the above outstanding non-convertible debt securities (including the matured convertible bonds). In aggregate, the carrying amount of the non-convertible debt securities and promissory note with the accrued default interests which are immediately repayable amounted to approximately HK$5,086.44 million. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. However, having considered the measures set out in Note 3(b) to the financial statements in this announcement and the section headed "Updates on Remedial Measures on Going Concern" below, the Board is of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future.

Treasury policy

The Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi, Australian dollars and US dollars. There was no significant foreign exchange gain or loss recognised during the period. The management will review from time to time of potential exchange exposure and will take appropriate measures to minimise the risk of foreign exchange exposure in the future.

The Group did not use any financial instruments for hedging purposes and did not have foreign currency investments being hedged by foreign currency borrowings and other hedging instruments.

MATERIAL EVENTS

Proposed Amendments to the Terms and Conditions of the Convertible Bonds Due 2016

On 10 February 2016, the Company issued 9% convertible bonds in the principal amount of HK$700 million and HK$800 million, maturing 24 October 2016 to Strait CRTG Fund, L.P. ("**Strait Fund**") and Strait Capital Service Limited ("**Strait Capital**"), respectively.

(a) On 13 June 2016, the Company and Strait Fund entered into an amendment agreement, pursuant to which the maturity date and conversion rights were extended to 24 January 2017 with the conversion price being reset to HK$0.20 per Share. The proposed amendments became effective on 21 July 2016 upon satisfying all the conditions precedent set out in the amendment agreement, including approval by the shareholders of the Company (the "**Shareholders**") and the Stock Exchange in relation to (i) the proposed amendments and (ii) the listing on the Stock Exchange of conversion shares arising from the convertible bonds during the extended period. Further details on the proposed amendments are set out in the announcements dated 13 June 2016 and 19 July 2016, and the circular dated 29 June 2016 of the Company.

(b) On 10 August 2016, the Company and Strait Capital entered into an amendment agreement, pursuant to which the maturity date and conversion rights were extended to 24 January 2017 with the conversion price being reset to HK$0.20 per Share. The proposed amendments were subject to (1) the approval by the Shareholders, (2) all necessary consents and approvals required to be obtained on part of Strait Capital in respect of the proposed amendments, and (3) the Stock Exchange approving (i) the proposed amendments and (ii) the listing on the Stock Exchange of conversion shares arising from the convertible bonds during the extended period. Upon satisfying all the conditions precedent, the proposed amendments came into effect on 12 September 2016. Details on the proposed amendments are set out in the announcements dated 10 August 2016 and 8 September 2016, and the circular dated 23 August 2016 of the Company.

The Board considers that the extended time for the repayment to Strait Fund and Strait Capital will be beneficial to the Company and its operation by alleviating the pressure on its cash flows and profits. Furthermore, the amendment of conversion price will incentivise the two bondholders to convert all or part of the convertible bonds not previously converted by bringing it closer to the current market level of the share price.

Proposed Amendments to the Terms and Conditions of the Convertible Bonds Due 2018

On 10 February 2016, the Company issued 9% convertible bonds in the principal amount of HK$700 million, maturing 12 February 2018 to China Life Insurance (Overseas) Company Limited ("**China Life**").

On 18 November 2016, the Company and China Life entered into an amendment agreement, pursuant to which the maturity date and conversion rights were amended to 24 January 2017 with the conversion price being reset as HK$0.20 per Share. The proposed amendments are subject to (1) the approval by the Shareholders and (2) the Stock Exchange approving (i) the proposed amendments and (ii) the listing on the Stock Exchange of conversion shares arising from the convertible bonds. Upon satisfying all the conditions precedent, the proposed amendments came into effect on 29 December 2016. Further details on the proposed amendments are set out in the announcement dated 18 November 2016 and the circular dated 8 December 2016 of the Company.

The Board considers that the amendment of conversion price will incentivise China Life to convert all or part of the convertible bonds not previously converted by bringing it closer to the current market level of the share price. The agreement to shorten the conversion period was agreed between China Life and the Company to align the interest of China Life with Strait Fund and Strait Capital, both of which amended the maturity date of their respective convertible bonds to 24 January 2017 as aforesaid.

Proposed Increase In Authorised Share Capital

In order to ensure that the authorised share capital of the Company will be sufficient for the issue of the conversion shares upon full conversion of the existing convertible bonds of the Company (as amended by the respective amendment agreements) and any potential issue of new Shares in the future, the Company announced on 18 November 2016 with a proposal to increase its authorised share capital from HK$3,000,000,000 to HK$4,000,000,000 by the creation of additional 5,000,000,000 new Shares (the "**Proposed Increase in Authorised Share Capital**"). The Proposed Increase in Authorised Share Capital was approved by Shareholders on 23 December 2016.

Proposed Disposal of 71% Equity Interests in Zhunxing and the Undertaking of the Buy-back Obligation

The disposal

On 28 June 2016, the Company entered into a letter of intent with a potential purchaser, pursuant to which the Company proposes to procure the sale of 86.87% equity interest of Zhunxing for the repayment of the principal amount of the Company's loans and borrowings together with accrued interests.

On 28 December 2016, the Company as guarantor and its wholly-owned subsidiary Cheer Luck Technology Limited acting as vendor (the "**Vendor**"), entered into a disposal agreement ("**Disposal Agreement A**") with 內蒙古源恒投資有限公司 (Inner Mongolia Yuanheng Investment Co. Ltd.*) ("**Purchaser A**"), pursuant to which the Vendor has conditionally agreed to sell, and Purchaser A has conditionally agreed to acquire 25% equity interest of Zhunxing at RMB1,125 million (equivalent to HK$1,260 million) (subject to adjustment according to a valuation report on Zhunxing to be prepared by an independent valuer) ("**Consideration A**"). The actual Consideration A will be equivalent to 25% of the net asset value of Zhunxing as at 31 December 2016 as assessed in such valuation report and will be satisfied in cash.

On 30 December 2016, the Company as guarantor and the Vendor entered into a disposal agreement with each of the following purchasers:

(i) 呼和浩特經濟技術開發區投資開發集團有限責任公司 (Hohhot Economic and Technological Development Zone Investment and Development Group Co. Ltd.*) ("**Purchaser B**"), pursuant to which the Vendor has conditionally agreed to sell, and Purchaser B has conditionally agreed to acquire 18% equity interest of Zhunxing at a consideration equals to 18% of the net asset value of Zhunxing as at 31 December 2016 as assessed in a valuation report to be prepared by an independent valuer and will be satisfied in cash;

(ii) 呼和浩特惠則恒投資有限責任公司 (Hohhot Huizeheng Investment Co. Ltd.*) ("**Purchaser C**"), pursuant to which the Vendor has conditionally agreed to sell, and Purchaser C has conditionally agreed to acquire 18% equity interest of Zhunxing at a consideration equals to 18% of the net asset value of Zhunxing as at 31 December 2016 as assessed in such valuation report to be prepared by an independent valuer and will be satisfied in cash; and

(iii) 德源興盛實業有限公司 (Deyuan Xingsheng Industrial Co. Ltd.*) ("**Purchaser D**"), pursuant to which the Vendor was conditionally agreed to sell, and Purchaser D has conditionally agreed to acquire 10% equity interest of Zhunxing at a consideration equals to 10% of the net asset value of Zhunxing as at 31 December 2016 as assessed in such valuation report to be prepared by an independent valuer and will be satisfied in cash.

Guaranteed return to the Purchasers

Pursuant to the above disposal agreements, each purchaser will be entitled to a guaranteed return of 4.5% per annum of the actual consideration paid by that purchaser, till the fifth anniversary of the completion date of the transactions or the date when the Vendor fulfilling the buy-back obligation or exercising the respective buy-back options (as defined below), whichever is earlier.

Buy-Back Obligation by the Vendor

Pursuant to the Disposal Agreement A, the Vendor agreed to buy back all equity interest transferred to Purchaser A within five (5) years after the completion, at a consideration which equals the actual Consideration A paid by Purchaser A ("**Buy-back Obligation**"). A formal buy-back agreement will be entered into at the time when the Vendor fulfilling the Buy-back Obligation to fix the detailed terms and conditions (including but not limited to the payment terms) of such transaction.

Buy-Back Options of the Vendor

Pursuant to above disposal agreements (except Disposal Agreement A), the Vendor has the option to buy back all equity interests being sold within five (5) years after the completion from Purchaser B, Purchaser C and Purchaser D, at a consideration equivalent to the actual consideration paid by the purchasers.

A formal buy-back agreement will be entered into to fix the detailed terms and conditions (including but not limited to the payment terms) of such transaction when the Vendor serves its formal notice in writing of its intention to exercise the buy-back options.

Listing rules implications on the disposal

As one of the applicable percentage ratios calculated under the Listing Rules in respect of the disposal of a total of 71% equity interests of Zhunxing is more than 75%, the disposal constitutes a very substantial disposal of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Buy-back Obligation is more than 100%, the undertaking of the Buy-back Obligation will constitute a very substantial acquisition for the Company under the Listing Rules. Accordingly, the undertaking of the Buy-back Obligation is subject to, among other things, the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Use of proceeds of the disposal of Zhunxing

Each of the above disposal agreements is not inter-conditional and shall be completed separately. The entire proceeds from the disposal will be used to repay partially the principal amount of the outstanding non-convertible debt securities (including the matured convertible bonds) of the Company. In case there is any surplus, it will be used as general working capital of the Group.

Up to the date of this announcement, the valuations for the net assets of Zhunxing Expressway as at 31 December 2016 were not yet finalised by the purchasers' valuers and certain conditions precedent to the completion of the disposal agreements were yet to satisfy.

Details on the proposed disposal of Zhunxing are set out in the announcements of the Company dated 9 January 2017 and 30 March 2017.

Suspension of Forest Concession Rights

On 11 January 2017, each of Jaling Forest Industries Inc. ("**Jaling**") and Garner Forest Industries Inc. ("**Garner**"), being a wholly-owned subsidiary of the Company, received a letter dated 10 January 2017 from the Guyana Forestry Commission in relation to the suspension of its exclusive timber concession rights with effect from 10 January 2017. Nevertheless, the Company has fully impaired its forest concession rights in Guyana during the financial year ended 31 March 2016.

Details on the suspension are set out in the announcement of the Company dated 11 January 2017.

Bank Borrowings

On 27 January 2017, the Company received two demand notices both dated 23 January 2017 and addressed to the Company and Jinjing, respectively, from a commercial bank in the PRC (the "**Bank**").

On 2 January 2017 and 9 January 2017, certain bank borrowings of Jinjing in the sum of RMB60.02 million had fallen due. Jinjing was unable to pay the said amount by the due date and resulted in the default in repayment of bank borrowings. The above defaults triggered cross-default provisions in other bank borrowings with the Bank. As a result, the Bank issued a demand notice to each of Jinjing and the Company ("**Demand Notice(s)**"), claiming for the immediate repayment by Jinjing of an aggregate sum of outstanding principal of RMB145.62 million and interest of approximately RMB0.54 million accrued up to 23 January 2017

("**Outstanding Amounts**"), being the total amount of the outstanding principal and accrued interest for all the outstanding bank borrowings with the Bank where Jinjing is the borrower and the Company acts as a guarantor. As such, the Company has been negotiating with the Bank in respect of the repayment of the aforesaid sums with a view to reach a consensus on repayment proposal.

On 6 February 2017, the Company received a statutory demand (the "**Statutory Demand**") under Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap 32)) from the Bank, requiring the Company to pay the Outstanding Amounts within 3 weeks from the date of service of the Statutory Demand.

On 31 March 2017, the Company, Jinjing, Zitong Energy and the Bank entered into a settlement agreement in relation to the restructuring and settlement of the Outstanding Amounts and the subsequent arrangement thereunder. Upon entering into the settlement agreement, the Bank will not apply to the court for a winding up petition of the Company.

Up to the date of this announcement, the Outstanding Amounts was settled after the disposal of the Group's 45% equity interest in associates had completed on 1 June 2017.

Details on the demand notices are set out in the announcements of the Company dated 3 February 2017, 7 February 2017, 22 February 2017, 14 March 2017 and 31 March 2017 of the Company.

Acquisition of 60% Red Sino Investments Limited

On 16 March 2017, Cheer Luck Innovest Limited, a wholly-owned subsidiary of the Company acting as purchaser ("**Cheer Luck**"), and Epoch Luck Investments Limited as vendor ("**Epoch**") entered into a sale and purchase agreement pursuant to which Epoch conditionally agreed to sell, and Cheer Luck conditionally agreed to acquire 60% of the entire issued share capital of Red Sino Investments Limited (the "**Target Company**"), for an aggregate consideration of HK$138,000,000, which was satisfied in full by the allotment and issue of 690,000,000 consideration shares at the issue price of HK$0.20 per Share by the Company to Epoch.

The operating subsidiary of the Target Company is Ar Horqin Banner Xinze Agricultural & Animal Husbandry Company Limited* (阿魯科爾沁旗鑫澤農牧業有限公司), which is incorporated in the PRC and is principally engaged in growing and sales of forage and agriculture products. The acquisition was completed on 10 May 2017.

Details on the acquisition are set out in the announcements of the Company dated 16 March 2017 and 10 May 2017.

Disposal of 45% interest in Associates

On 28 April 2017, the Company and Shuren Wood (Shenzhen) Company Limited* (樹人木業（深圳）有限公司), a wholly-owned subsidiary of the Company, as vendors and Zhongxiang Zhengxing (Beijing) Technology Development Company Limited* (中翔正興（北京）科技發展有限公司), as a purchaser, entered into a sale and purchase agreement pursuant to which the purchaser has conditionally agreed to purchase, and the vendors have conditionally agreed to sell 45% of the issued share capital of Beijing Kaiyuanwanjia Management Consulting Company Limited* (北京開元萬嘉管理咨詢有限公司) ("**Beijing KMCC**") and its subsidiaries together with any shareholder's loan at the total consideration of RMB200.0 million (equivalent to HK$226.0 million).

Beijing KMCC and its subsidiaries are principally engaged in property development, asset management and building management. The primary assets of Beijing KMCC is its 100% equity interests in Yichang Xinshougang Property Development Company Limited* (宜昌新首鋼房地產開發有限公司) and 70% equity interests in Yichang Zhongxiang Building Management Company Limited* (宜昌中翔物業管理有限公司).

The said disposal was completed on 1 June 2017 when the sale proceeds were fully settled. The net proceeds from the said disposal, after deducting the expenses directly attributable thereto, was approximately RMB190.0 million (equivalent to approximately HK$214.7 million).

Up to the date of this announcement, approximately HK$164 million of the net proceeds was applied for repaying the Group's bank borrowings, and the remaining net proceeds will be applied for general working capital of the Group.

Details on the disposal are set out in the announcement of the Company dated 28 April 2017.

PROSPECTS

At present, the domestic coal industry is struggling with overcapacity. Output cuts are imposed in the PRC to rebalance the supply and demand of the commodity. Forthcoming developments of Zhunxing Expressway, which includes new interconnection with other expressway will commence in October 2017 to enhance road users' convenience and interconnection with Zhangjiakou city facilitating direct passage from Zhunxing Expressway to Hebei province is expected to commence in 2019, are expected to boost the growth of both traffic volume and toll income of Zhunxing Expressway. The commencement of power plant operation near the

Qingshuihe area in early 2018 is also expected to lift the traffic flow of Zhunxing Expressway. Following the improvements on the macroeconomy and the effective implementation of coal capacity reduction policy in the PRC, the coal price is expected to gradually recover, which in turn will stimulate the growth in the traffic volume and toll income of the Zhunxing Expressway, bringing a turnaround to profit in the long run.

The Board is committed to protect the interests of all stakeholders of the Company. As at the date of this announcement, non-convertible debt securities (including the matured convertible bonds) in the aggregated principal amount of HK$4,032 million remain outstanding. Given the fluctuating market conditions and the Company's imminent funding needs to meet its short-term financial obligations, the Company entered into disposal agreements with several purchasers in late December 2016, intending to dispose of its 71% equity interest in Zhunxing, the proceeds of which is intended to be used to repay partially the principal amount of the Company's outstanding non-convertible debt securities. The Board believes that if the said disposal is fully materialised during the next financial year, the Company will be able to realise cash, repay part of its liabilities, and improve the financial and cash flow position of the Group. The Company will continue to explore different avenues (including but not limited to disposal of remaining interests in Zhunxing) to generate sufficient funds to fully repay the outstanding non-convertible debt securities. Upon recovering the financial and cash flow position of the Group, the Board will further consider and explore opportunities to strengthen the Group's financial position.

The Group has commenced its business in the growing and sales of forage and agriculture products in May 2017 upon Ar Horqin Banner Xinze Agricultural & Animal Husbandry Company Limited* (阿魯科爾沁旗鑫澤農牧業有限公司) ("**Xinze**") becoming a non-wholly owned subsidiary of the Group after the acquisition was completed on 10 May 2017. The Board considers the acquisition to be a valuable opportunity to allow the Group to capture the growth of the forage industry in northern PRC as driven by the government policies, and the investment in modern agricultural business is expected to receive substantial support from the state and local governments of the PRC. Under the growing momentum of the agriculture and animal husbandry industry in Inner Mongolia Autonomous Region, Xinze will continue to focus its main business on silage cultivation. Going forward, Xinze will strive to enhance its productivity and product competitiveness by (1) improving its cultivation technique, (2) cultivating fine species and (3) strengthening its sales team.

The Board will continue to look out for opportunities to make investments in any new business when suitable opportunities arise in the future to diversify revenue streams of the Group and strengthen the Group's financial position, maximising the benefits of the Shareholders as a whole.

CHARGES ON ASSETS

As at 31 March 2017, the Group has pledged the equity interests of (a) Inner Mongolia Berun New Energy Company Limited* (內蒙古博源新型能源有限公司), (b) Inner Mongolia Zhunxing Expressway Service Areas Management Company Limited* (內蒙古准興高速服務區管理有限責任公司) and (c) Zhunxing to secure part of the Group's borrowings.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities.

DIVIDENDS

The Directors do not recommend any payment of final dividend for the year ended 31 March 2017 (2016: HK$Nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 483 employees in Hong Kong and the PRC as at 31 March 2017. The Group implements remuneration policy, discretionary bonus and share options schemes to ensure that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration strategy. The Group participates in the state-managed retirement benefit schemes in the PRC and Mandatory Provident Fund Scheme in Hong Kong.

SCOPE OF WORK OF CROWE HORWATH (HK) CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, Crowe Horwath (HK) CPA Limited ("**Crowe Horwath**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe Horwath 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath on the preliminary announcement.

EXTRACT OF THE AUDITOR'S REPORT

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainty relating to going concern basis

As at 31 March 2017, the Group had net current liabilities and net liabilities of HK$6,452,718,000 and HK$1,596,432,000, respectively, and the Group incurred a loss of HK$1,784,443,000 for the year then ended. The Company was in default in the repayment of the promissory note of HK$311,483,000 and non-convertible debt securities of HK$4,395,648,000 (including the matured convertible bonds). At 31 March 2017, the aggregate carrying amount of these overdue promissory note and non-convertible debt securities (including the matured convertible bonds), together with outstanding interests and default interests of HK$379,307,000 accrued thereon, amounted to HK$5,086,438,000 which are immediately repayable. At 31 March 2017, the Group has reached an agreement with one creditor bank for settlement of a bank loan together with outstanding interest of approximately HK$164 million which was subsequently repaid. The Group is still undergoing negotiations with the holders ("**Bondholders**") of non-convertible debt securities (including the matured convertible bonds) for possible debt restructuring. 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 and therefore, the Group may not be able to realise its assets and to discharge its liabilities in the normal course of its business.

Notwithstanding the foregoing, the directors have prepared the consolidated financial statements on a going concern basis, the appropriateness of which depends upon the outcomes of a number of measures undertaken by the Group which include in particular the following:

(i) The Group is currently in discussions with the Bondholders of debts due by the Group of HK$4,395,648,000 at 31 March 2017, for possible debt restructuring which, the directors believe, if successfully made, the Group could have sufficient time to implement the plans for realisation of its assets to raise adequate funds for repaying the debts payable to the Bondholders. Up to the date of approval for the consolidated financial statements, the Group has not yet reached a formal debt restructuring agreement with the Bondholders;

(ii) On 28 December 2016 and 30 December 2016, the Company, its wholly-owned subsidiary, Cheer Luck Technology Limited ("**Cheer Luck**") and four independent third party purchasers (which are state-owned enterprises incorporated in the PRC) entered into four separate disposal agreements (the "**Disposal Agreements**"), pursuant to which, Cheer Luck has conditionally agreed to sell, and (i) Purchaser A has conditionally agreed to acquire 25% equity interests of Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("**Zhunxing**") at Consideration A of RMB1,125 million (equivalent to HK$1,260 million) (subject to an adjustment, representing 25% of the net assets of Zhunxing as at 31 December 2016 based on a valuation to be prepared by an independent valuer appointed by Purchase A) and (ii) Purchaser B, Purchaser C and Purchaser D have conditionally agreed to acquire 18%, 18% and 10%, at Consideration B, Consideration C and Consideration D, respectively, each of which is determined with reference to the respective share of net assets of Zhunxing at 31 December 2016 based on another valuation to be prepared by another independent valuer jointly appointed by Purchaser B, C and D. The completion of each disposal under each of the Disposal Agreements is also subject to satisfaction of certain conditions precedent. Based on the terms of each of the Disposal Agreements, the Group shall have an obligation to buy back from Purchaser A and option to buy back from each of Purchaser B, C and D, within five years after the respective date of completion of each of these disposals, all these 71% equity interests in Zhunxing at a consideration same as the proceeds of each of these disposals to be received by the Group with a guaranteed return to each of these purchasers of 4.5% per annum for the period commencing from the date of completion of each of these disposals to the date when each of the buy-back obligation or buy-back options is exercised by the Group. The disposals are considered as financing in nature and the Group shall continue to exercise control over Zhunxing which will continue to be consolidated into the consolidated financial statements of the Group after the completion of these disposals.

Up to the date of approval for the consolidated financial statements, the sales consideration for each of these disposals have not yet been finalised because the two valuation reports on the net assets of Zhunxing at 31 December 2016 have not yet been finalised by the two independent valuers appointed by the purchasers and the conditions precedent to each of these disposals under the Disposal Agreements are yet to be satisfied. The directors of the Company considered that if the financing arrangements through disposals and buy-backs of the 71% equity interest of Zhunxing under the Disposal Agreements were successfully completed, the Group would have sufficient funds to settle the debts due to the Bondholders and to meet its financial requirements in the foreseeable future; and

(iii) On 28 April 2017, as more fully described in Note 52(a) to the consolidated financial statements, the Group and an independent third party buyer entered into an agreement under which the Group has agreed to sell and the buyer has agreed to buy the Group's entire 45% equity interests in an associate together with the amounts due from that associate and its subsidiaries, which were classified as assets of a disposal group held for sale in the consolidated statement of financial position at 31 March 2017, for an aggregate consideration of RMB200 million (equivalent to approximately HK$226 million). On 1 June 2017, the disposal was completed and the Group had subsequently received the sale consideration of RMB200 million (equivalent to approximately HK$226 million), of which approximately HK$164 million was applied for repaying part of the Group's bank borrowings on 1 June 2017 and the balance will be used as working capital of the Group.

(iv) On 23 June 2017, the Company and an independent third party (the "**Seller**") entered into a legally non-binding memorandum of understanding which sets out the proposal under which the Company intends to acquire the pawn loan business (the "**Business**") from the Seller and its other owners (the"**Proposed Acquisition**"). If the Proposed Acquisition materializes, the Company will satisfy the consideration of the Proposed Acquisition through the issuance of new shares of the Company to the Seller and the other owners of the Business. The details and terms of the Proposed Acquisition are still subject to negotiation and finalization.

Up to the date of approval for the consolidated financial statements, the Group's measures described in (i), (ii) and (iv) above have not yet been completed. There was a material uncertainty on the Group's ability to obtain adequate working capital to meet its debts as and when they fall due in the foreseeable future. We were unable to obtain sufficient audit evidence on the appropriateness of the going concern basis adopted for the preparation of the consolidated financial statements for the year ended 31 March 2017.

Should the going concern basis be considered inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

UPDATES ON REMEDIAL MEASURES ON GOING CONCERN

Further to the remedial measures as set out in the section headed "Updates on Remedial Measures on Going Concern" in the Interim Report 2016, the Company wishes to highlight the relevant remedial measures taken or to be taken by the management up to the date of this announcement to improve the Company's financial position.

Proposed amendments of the convertible bonds due in 2016 and 2018

Particulars of the proposed amendments of the convertible bonds due 2016 and 2018 are set out in the section headed "Material Events".

The Board considers that the extended time for the repayment to the holders of the convertible bonds due in 2016 will be beneficial to the Company and its operation by alleviating the pressure on its cash flows and profits.

Furthermore, the amendment of conversion price of the convertible bonds due in 2016 and 2018 will incentivise the bondholders to convert all or part of the convertible bonds not previously converted by bringing it closer to the current market level of the share price.

Debt Restructuring

(i) Bank borrowings

As aforementioned in the above "Material Events" section on bank borrowings, certain bank borrowings of Jinjing in the sum of RMB60.02 million have fallen due on 2 January 2017 and 9 January 2017. The Bank issued a Demand Notice and subsequently a Statutory Demand to the Company in early 2017 in relation to the repayment of the Outstanding Amount, where Jinjing is the borrower and the Company acts as a guarantor.

With the assistance of the financial advisors and legal counsel, the Company had negotiated with the Bank since February 2017 with a view to reach a consensus on a repayment proposal in respect of the Outstanding Amounts. On 31 March 2017, the Company, Jinjing and Zitong Energy and the Bank entered into a settlement agreement in relation to the restructuring and settlement of the Outstanding Amounts and the subsequent arrangement thereunder. Upon entering into the settlement agreement, the Bank will not apply to the court for a winding up petition of the Company.

Up to the date of this announcement, the Outstanding Amounts was settled after the disposal of the Group's 45% equity interest in associates had completed on 1 June 2017.

(ii) Non-convertible debt securities

The Company is due to repay non-convertible debt securities (including the matured convertible bonds) with aggregate principal amount of HK$4,032 million as at 31 March 2017 ("**Outstanding Debt Securities**").

With the assistance of the financial advisors and legal counsel, the Company has been actively seeking for potential restructuring of the Outstanding Debt Securities. Up to the date of this announcement, management of the Company has maintained ongoing dialogues with the financial advisers and all holders of the Outstanding Debt Securities. These discussions remain constructive, and the Board is of the opinion that default on partial settlement could be rectified and new repayment schedule could be agreed.

Proposed disposal of 71% equity interest in Zhunxing

In late December 2016, the Company as guarantor and its wholly-owned subsidiary Cheer Luck Technology Limited acting as vendor, entered into a disposal agreement with each of the four purchasers in relation to the disposal of 71% equity interest in Zhunxing. Details of the disposal are set out in the section headed "Material Events".

The disposal will generate funds for the Group and the entire proceeds from the disposal will be used to repay partially the principal amount of the aforesaid Outstanding Debt Securities. The expected total proceeds from the disposal would be less than HK$4,032 million and therefore the entire proceeds from the disposal will be used to repay the Outstanding Debt Securities. In the event that the net proceeds from the disposal exceed HK$4,032 million, the surplus, if any, will be used as general working capital of the Group. The Company will continue to explore different avenues (including but not limited to disposal of the Group's remaining interests in Zhunxing) to generate sufficient funds to fully repay the Outstanding Debt Securities.

The Board believes that the disposal will help to reduce the indebtedness level of the Group and help the management to re-focus on strategy formulation, resources allocation and operation management to enhance the performances of the Group.

Disposal of 45% equity interest in Associates

Details of the disposal of 45% equity interest in Beijing Kaiyuanwanjia Management Consulting Company Limited* (北京開元萬嘉管理咨詢有限公司) and its subsidiaries are set out in the section headed "Material Events".

The said disposal was completed on 1 June 2017. The net proceeds from the said disposal was approximately RMB190 million (equivalent to approximately HK$214.7 million), of which HK$164 million was applied to settle the Outstanding Amounts of the bank borrowings, and the remaining net proceeds will be applied as general working capital of the Group.

The Directors are of the view that the disposal has enabled the Company to realise cash, to repay part of its outstanding liabilities, and improve the financial and cash flow position of the Group.

Acquisition of 60% Red Sino Investments Limited

Details of the acquisition of 60% Red Sino Investment Limited ("**Target Company**") are set out in the section headed "Material Events".

With the ultimate goal of enhancing Shareholders' value, the Group has been consistently seeking business opportunities to diversify its revenue streams and strengthen its financial position. The operating subsidiary of the Target Company specialises in the growing and sales of forage and agriculture products. From its incorporation in May 2016, the operating subsidiary of the Target Company has demonstrated high profit margin. Upon completion of the acquisition on 10 May 2017, the Target Company has become a non-wholly owned subsidiary of the Company. The results of the Target Company and its subsidiaries will be consolidated into the consolidated financial statements of the Group, thus improving the profitability and financial position of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2017.

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and the Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the view that throughout the financial year under review, the Company has complied with all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Listing Rules (the "**CG Code**") except for the deviation from the code provision A1.1 as detailed below.

The Directors note that the code provision A1.1 requires the Board to hold at least four regular meetings a year at approximately quarterly intervals. However, in view of the fact that two regular meetings and seven ad hoc meetings were convened during the year and the ad hoc meetings have achieved an average participation rate of over 74%, the Directors considered holding four regular meetings at quarterly intervals to be unnecessary.

Further details of the Company's corporate governance practices will be set out in the Corporate Governance Report to be contained in the Company's annual report for the year ended 31 March 2017 ("**Annual Report 2017**").

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 March 2017 have been reviewed by the Audit Committee of the Company.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course and at the website of the Company at http://www.crtg.com.hk. Our Annual Report 2017 containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the above websites in due course.

By order of the Board
China Resources and Transportation Group Limited
Cao Zhong
Chairman

Hong Kong, 27 June 2017

As at the date of this announcement, the Board comprises six executive Directors, namely Messrs Cao Zhong, Fung Tsun Pong, Duan Jingquan, Tsang Kam Ching, David, Gao Zhiping and Jiang Tao; a non-executive Director namely Mr. Suo Suo Stephen; and four independent non-executive Directors, namely Messrs Yip Tak On, Jing Baoli, Bao Liang Ming and Xue Baozhong.

* *For identification purpose only*