CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The Report, for which the Directors (the "Directors") of China Oil Gangran Energy Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Report misleading.

Contents

Corporate Information

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 707-9, 7th Floor
Prudential Tower, The Gateway
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL PRODUCTION PLANT

Block Nos. 3, 4 and 5
Dong Feng Industrial Area
Song Gang Community
Song Gang Sub-district, Baoan District
Shenzhen, Guangdong Province
The People's Republic of China

COMPANY'S WEBSITES

www.chinaoilgangran.com
chinaoilgangran.todayir.com

LEGAL ADVISERS

Hastings & Co.
5th Floor, Gloucester Tower, The Landmark
11 Pedder Street, Central, Hong Kong

AUDITOR

Elite Partners CPA Limited
10/F., 8 Observatory Road,
Tsim Sha Tsui
Kowloon, Hong Kong

STOCK CODE

8132

BOARD OF DIRECTORS

Executive Directors

Mr. Zou Donghai *(Chairman)*
Mr. Rong Changjun *(Vice Chairman)*
Mr. Zhang Xueming
Mr. Ho Chun Kit Gregory
Mr. Chan Lung Ming
Mr. Zheng Jian Peng

Independent Non-Executive Directors

Ms. Eugenia Yang
Mr. Ng Ka Chung
Mr. Lau Sung Tat, Vincent

AUDIT COMMITTEE

Mr. Lau Sung Tat, Vincent *(Chairman)*
Ms. Eugenia Yang
Mr. Ng Ka Chung

NOMINATION COMMITTEE

Ms. Eugenia Yang *(Chairlady)*
Mr. Lau Sung Tat, Vincent
Mr. Chan Lung Ming

REMUNERATION COMMITTEE

Mr. Lau Sung Tat, Vincent *(Chairman)*
Mr. Chan Lung Ming
Ms. Eugenia Yang

COMPANY SECRETARY

Mr. Wong Ching Wan

COMPLIANCE OFFICER

Mr. Ho Chun Kit Gregory

AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Ho Chun Kit Gregory
Mr. Wong Ching Wan

Corporate Information

THE PRINCIPAL SHARE REGISTRAR IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Chairman's Statement

"Innovation for development beyond milestone"

To Shareholders,

On behalf of the Board of Directors (the "Board") of China Oil Gangran Energy Group Holdings Limited (the "Company") and its subsidiaries (Collectively the "Group"), I would like to present to the shareholders the annual results of the Group for the year ended 31 March 2016 (the "Financial Year").

During the Financial Year under review, the world economic environment suffered numerous uncertainties. The world industrial production showed slow growth and trading remained in the doldrums. The financial market turmoil intensified and prices of bulk commodities fell sharply. Developed countries witnessed slow economic recovery and growth in emerging economies declined further. The world faced weak economic recovery and growth slowed down. In 2016, the world economy is operating under increasing unfavorable factors and uncertainties. It is likely to continue operating at a low speed. In such a grim international economic environment, Chinese economy maintained moderate and high growth, while showing signs of slowing down. With the deepening of the reform of government, as well as industrial restructuring, the economic restructuring will also have a significant impact on economic development. In this macro context, in order to reduce the uncertainties in economic environment or adverse effects on the Group, the Group endeavored to overcome the adverse effects by strengthening efforts to seize business opportunities and accelerating its development. On the basis of consolidating and pushing forward the existing business, the Group actively promoted the strategic expansion planning with development potential and long-term sustainability. With regard to potential investment projects, the Group continued to carry out prudent assessment on the relevant projects and the industries engaged with a view to make the investment decisions which are favorable to the long-term development of the Group.

During the Financial Year, the Group's traditional business and new business advanced steadily. On the one hand, the market of household electric appliances and data cords for mobile phone headsets faced decline due to intensified competition in the industry; while the Group's medical control devices business in Mainland China continued to grow.

To reduce business operational risks and optimize earnings structure, the Group acquired 3 Dynamics (Asia) Limited in 2013 to engage in the fast-growing market of mobile games and digital applications ("APPS"). The policy further expanded the Group's business industrial chain. During the Financial Year, the business of APPS development was undergoing with potential business partners, the mobile game market will continue to expand due to further popularization of smart phones in Mainland China, and the Group is fully confident in China's mobile game market with unlimited development potential.

Chairman's Statement

On the other hand, the Group is proactively seeking business opportunities arising from the adjustment of China's oil and gas business structure and business model to widely identify any cooperation opportunities, so as to stabilize business development. This will resolve the current development problems, and also accumulated experience for the Group's scale development in the future, and created the necessary basic conditions. To review the business development of the Group in the Financial Year, there were main highlights as follows:

I. A subsidiary, Jiangxi China Oil Gangran Energy Technology Company Limited (the "JV") was set up by the Group in conjunction with Jiangxi Zhongyou Yingtai Natural Gas Limited Liability Company（江西中油鷹泰天然氣有限責任公司）("Zhongyou Yingtai") and Zhongwaijian Engineering Construction Limited（中外建工程建設有限責任公司）("Zhongwaijian"). The Group indirectly held 51% equity of the JV, while Zhongyou Yingtai and Zhongwaijian held 40% and 9% equity of the JV, respectively. The JV started negotiations with the potential partner about the business of "Vessel LNG Utilization Conversion" immediately after its establishment, and this will bring it to the natural gas market which has broad prospects and captures support from the PRC policy.

II. Jiangxi Branch ("Jiangxi Branch") resolved the core issue of Vessel LNG Utilization Conversion through cooperation with the key national institutions of higher learning and research institutions to form the core competencies with independent intellectual property rights.

III. Currently, Jiangxi Branch is also proactively cooperating with Harbin Institute of Technology to further optimize and upgrade the technology of Vessel LNG Utilization Conversion.

Jiangxi Project reflected that the Group's business development is consistent with the Chinese government's policy direction. China has set the implementation of "further promoting energy revolution, endeavoring to promote reform of energy utilization pattern in production, optimizing the structure of energy supply, improving energy utilization efficiency, building clean, low carbon, safe and efficient modern energy system to safeguard national energy security" as the key strategy of the 13th Five-Year Plan period. In respect of promoting the optimization and upgrading of energy structure, active development of natural gas is an important part. As the best quality clean energy for achieving China's energy conservation, emission reduction and low-carbon economy, natural gas has captured essential support from national policies. Therefore, the state recently introduced various plans on the use of natural gas and projects of prevention and control of air pollution to reinforce governance over inefficient and heavily polluting industries, gradually guiding and promoting the transformation and upgrading of traditional industries, as well as promoting the implementation of "Coal Utilization Conversion" and "LNG Utilization Conversion" to ensure the sustainable and healthy development of the national clean energy industry. In the meantime, atmospheric haze governance and sustainable urbanization also further enhanced the rigid demand for clean energy alternatives.

Today, the state has gradually implemented and promoted the application of natural gas, particularly the facilities for application of natural gas in the waterborne industry, with the relevant supports having been gradually increased. The national policy clearly stated that those "LNG Utilization Conversion" vessels being checked and accepted will be granted with full subsidy. Policy and system support will be conducive to the long-term development of the natural gas enterprises, which will obtain more substantial returns in the future.

Moreover, compared with conventional diesel fuel, liquefied natural gas (LNG) fuel can significantly reduce the greenhouse gas carbon dioxide emissions and waste oil discharge. This project applies new and high-tech environmental protection and energy conservation technology, which is encouraged and supported by the state, simultaneously bringing the favorable effects of guiding the consumption and centralizing resources. The JV adopts the unique patented technology of Vessel LNG Utilization Conversion to significantly raise the conversion demand of vessel users and provide ample market development basis for the business of the JV. The project of Vessel LNG Utilization Conversion is bound to generate huge earnings if it is fully carried out. In addition, the application of natural gas in the waterborne industry is in line with the national policy to conserve energy and advocate natural gas applications. The state's policy of subsiding the relevant business is gradually implemented, which will smoothly push forward the Group's natural gas business and have a positive impact on the profit of the Group.

In addition to vigorously promoting the business of Vessel LNG Utilization Conversion, Jiangxi JV is also proactively seeking cooperation with the refined oil sales companies of PetroChina to build a new marketing system integrating refueling, gas filling and charging stations. The JV is developing the sales business of refined oil and has obtained the exclusive franchise right, which enables it to operate six bunker barges in the Yangtze River, Gan River and Poyang Lake Basin, each with a loading capacity of 1,800 tonnes. The State set limits over refined oil sales in the Yangtze River, Gan River and Poyang Lake, and currently only three major state-owned enterprises PetroChina, Sinopec and CNOOC have the sales right. The waterborne industry has a huge market with promising prospects. The Group has an opportunity to engage in this market and the project will create huge market efficiency, hence this will be undoubtedly the development priority of Jiangxi JV in the future.

Currently, projects of China Oil Gangran's Jilin Branch in cooperation with Jilin Oilfield Administration include transformation and upgrading of power, contracted energy management and new technology energy transformation. China Oil Gangran's Jilin Branch also participated in the development project of Jilin Oilfield 224 Block, mainly responsible for research on how to coordinate cooperative development model and related operation and technical issues.

Jilin Company also explored the development direction of energy conservation and environmental protection projects with the government and related enterprises. They are ready for the implementation of high-tech improvements in respect of the Transformation of Jilin Thermal Power Plant. The power plant consumes thousands of tonnes of coal each year, not only causing environmental pollution, but also producing millions of tonnes of waste residue. Currently, the priority is placed on implementation of waste residues recycling and processing to transform the waste residues into secondary energy. Next is the recovery of combustion dust, which will then be processed into potash fertilizer byproducts. It is expected that such work will bring new growth for the Group in the future.

Chairman's Statement

In the coming year, the Group will continue to strengthen risk management and act prudently with a view to avoid risks. The Group will closely evaluate its business model and expand new direction of development while consolidating the existing business in order to strengthen the Group's core competitiveness. The Group will also continue to seize the opportunities arising from the favorable PRC policies, focus on promoting clean energy and related business with optimistic prospects, as well as the mobile games and power cords business with a view to optimize business structure in the medium and long term to bring maximum return and value for the Company's shareholders.

The Group will set the future goals as "New Thinking, New Strategy, New Energy, and New Development". "New Thinking" means to regard the Hong Kong capital market as the dominance and the resource development in the Mainland as the goal according to the economic development policies in Mainland China and Hong Kong. "New Strategy" is to implement the actual strategic development goal of China Oil Gangran to realize the Group's financial development objectives, extend the project development in the new areas, comprehensively expand the light energy, PV, solar thermal power generation, urban rapid rail and transportation clean energy vehicles, modern agricultural projects, tourism projects, film and television culture industry as well as large data and Internet based on the overseas development strategy of "One Belt One Road" put forward by the Chinese President Xi Jinping. "New Energy" is to vigorously promote clean energy and new energy development on the basis of the original refined oil and natural gas sales. "New Development" means to break the traditional confine to expand the global network and endeavor to become a cross-border link and industry pioneer in the new energy development model.

I would like to take this opportunity to express my gratitude to the members of the Board of Directors, management and entire employees for their valuable contributions to the development of the Group as well as our shareholders, investors and business partners for their trust and support for the Group. We promise that China Oil Gangran Energy Group Holdings Limited will continue to make efforts for the sustainable development in the future to repay the support of all parties concerned to the Group.

Yours Faithfully,
Zou Donghai
Chairman

17 June 2016

FINANCIAL REVIEW

The turnover of the Company and its subsidiaries ("Group") during the Financial Year ended 31st March 2016 was approximately HK$194.8 million, an increase of about 144.63% from HK$79.6 million in the corresponding period last year. Such an increase was attributable to a rise in revenues from the sales of refined oil and the trading of methyl tert-buyl ether, a chemical used as a component in fuel for gasoline engines of automobiles. Loss attributable to owners of the Company was approximately HK$109.8 million, a decrease of 49.4% from approximately HK$217.1 million accrued last year. The decrease in loss was primarily due to (i) the significant increase in the Group's revenue from retail of refined oil and methyl-tert-buyl ether of approximately HK$124.8 million for the Financial Year and (ii) the decrease in administrative expenses by approximately HK$135 million from HK$245 million of the last year to approximately HK$110 million of the Financial Year.

BUSINESS REVIEW

During the Financial Year, the Group continued to operate a diverse business portfolio comprising: (i) the manufacture and sale of power cords and inlet sockets for household electric appliances; power and data cords for mobile handsets and medical control devices; (ii) the development of digital applications, including handheld electronic game consoles, mobile game applications, digital marketing solutions; and (iii) the liquefied natural gas ("LNG"), compressed natural gas ("CNG") and other related clean energy businesses.

The Group's power and data cords business recorded a turnover of HK$70 million, a drop of 10.94% from HK$78.6 million in the previous Financial Year. However, the segment loss of the power and data cords business decreased by approximately HK$4.1 million from HK$13.7 million of the last year to approximately HK$9.6 million of the Financial Year. The decrease in loss was mainly attributable to the decrease in administrative expenses, including (i) decrease in provision of doubtful debts on trade and other receivable and (ii) decrease in salaries and allowance expenses.

Guided by a strategy of sustainable development, the Group is continually expanding its presence into new business segments through organic growth and acquisitions. This will serve to broaden its revenue streams and mitigate the impact of drastic fluctuations in any one sector that it operates in. This measure will help diversify its operating risks especially in the imminent period of economic uncertainties.

In November 2015, the Group entered into an agreement and agreed to pay for an aggregate consideration of HK$200 million to acquire interest in Wuhu Weixiang Chaoweicailiao Company Limited（蕪湖偉翔超微材料有限公司）("Wuhu Weixiang"), a mainland-based company specializing in the production of ultra-fine composite active ground calcium carbonate powder and functional composite masterbatch, commonly used in the plastics, coating, paper and rubber industries. The Group also has plans to enter the calcite mine business in a further bid to diversify its business operations. This acquisition move has yet to be completed. The Company has been searching for business opportunities, such as those represented in this proposed investment, to diversify its investment with a view of broadening its revenue source, enhancing its profit performance as well as creating value and optimizing the returns for its shareholders.

Management Discussion and Analysis

During the period under review, the Group took a few moves to acquire the entire share capital of Sino Grandway International Investment Limited ("Sino Grandway International") from two independent third parties ("Vendors") at a cash consideration of RMB100 million, which would be settled by internal cash resources, bank loans and if necessary, debt and equity fund raising. Sino Grandway International, together with its subsidiary, is principally engaged in the sale and distribution of glass products in China. The acquisition of this business will enable the Group tap the huge potential demand for float glass products from the country's construction and interior décor industry. The proposed investment represents an opportunity for the Group to participate in China's glass products distribution through an exclusive distribution agreement and is expected to enhance the Group's investment portfolio future earnings.

On 4 May 2016, the Vendors and the Group entered into a supplemental agreement in relation to the acquisition agreement to extend the long stop date from 5 April 2016 to 30 June 2016 as additional time is required for the Company to complete the due diligence exercise. This acquisition is not completed yet.

In terms of geographical market performance, United States and mainland China contributed to 11.2% (2015: approximately 31.3%) and 84% (2015: approximately 46.9%) of the Group's total turnover, while the remaining 4.8% (2015: approximately 21.8%) came from its overseas markets, including Taiwan and Hong Kong.

Power and Data Cords Business

The Group's power and data cords business generated a turnover and gross profit of HK$70 million (2015: HK$78.6 million) and HK$16.5 million (2015: HK$15.1 million) respectively during the Financial Year. These represented a decrease of 10.94% and an increase of 9.27% respectively from the preceding year. The increase in gross profit margin is mainly due to a significant decrease of cost of goods sold.

Power Cords and Inlet Sockets for Household Electric Appliances

Due to tough market competition, the Group's turnover from the sales of power cords and inlet sockets for household electric appliances in the Financial Year was approximately HK$13.28 million, compared to approximately HK$22 million in 2015, representing a year-on-year decrease of 39.64%.

Power cords and inlet sockets for household electric appliances are produced by the Group for the global markets, especially mainland China and Hong Kong and the United States, backed by safety approvals and certificates issued by various authorities from the countries in which they are sold.

Despite the short-term ups and downs of this business, the Group believes that the products concerned can satisfy mass consumer needs with their high manufacturing and safety standards, thereby providing it with steady returns in the long run. To improve its contributions in the years ahead, the Group will closely monitor the business segment and adjust its marketing strategies to tap increasing demand for these products.

Power and Data Cords for Mobile Phones and Medical Control Devices

With fierce competition In the sector during the Financial Year, the Group focused on those customer groups generating high profit margins and rigorously controlled its production costs, and the Group's turnover from power and data cords for mobile phones recorded and increase of approximately 13.54% to approximately HK$34.97 million (2015: approximately HK$30.8 million) for the Financial Year.

Catering to China's vast and diversified market for mobile phone accessories, the Group has been manufacturing power and data cords of different specifications, inclusive of high-speed connectors and data cord products, some of which are capable of supporting higher data transmission speed and sharper audiovisual output quality. All these devices produced by the Group are compliant to international and domestic regulatory standards and industry norms, such as those set by the USB Implementation Forum, Inc.

The Group's turnover from its power and data cords for medical control devices decreased 12.65% to HK$21.75 million from HK$24.9 million of the previous Financial Year. These products are primarily exported to a United States-based customer, which are then processed into final products including keyboards, pillow speakers, bed controls, bed cables and call cords targeting the medical and pharmaceutical market.

Development of Digital Applications

During the Financial Year, the Group's digital applications business operating through its recently acquired subsidiary 3 Dynamics, remained in the stage of development and hence fell short of the turnover and revenue forecasts. Due to this, the Group sustained a loss of approximately HK$20.5 million. Notwithstanding the short-term performance outcome, it is anticipated that the business will yield promising revenue contributions to the Group, which will continue to closely monitor and steer the operations of 3 Dynamics towards profitability.

Pursuant to the Sale and Purchase Agreement ("SPA") for the acquisition of 3 Dynamics, Mr. Chung Wai Sum (the "Mr. Chung") irrevocably and unconditionally guarantees to Dynamic Miracle Limited, a directly wholly-owned subsidiary of the Company (the "Purchaser") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statement for the 12 months from the date of the completion of acquisition, spanning the period from 11 December 2013 to 10 December 2014 ("Relevant Period"), shall not be less than HK$42 million ("Profit Guarantee"). The Profit Guarantee is backed by 280,000,000 consideration shares ("Escrow Shares") of the Company issued to Mr. Chung. As certified by the auditors of 3 Dynamics, the said company has recorded a net loss after tax in its audited financial statement for the Relevant Period and therefore the actual profit for the Relevant Period shall be deemed as inadequate, pursuant to the terms of the SPA. Hence, the Purchaser has instructed a licensed securities dealer to dispose of (the "Sale") such number of Escrow Shares appropriately sufficient to pay the Profit Guarantee at the then best price it reasonably obtained and thereafter, pay the net proceeds of the Sale to the Purchaser and release the share certificates of the remaining Escrow (if any) to Mr. Chung. Under the terms and conditions as stipulated in the SPA, the consideration shares would be sold in order to pay the proceeds under the Profit Guarantee. During the Financial Year, the Group received HK$20,000,000 from Mr. Chung to partially honour its Profit Guarantee obligations. As at the date of this Annual Report, HK$22,000,000 is still outstanding from Mr. Chung and he is still holding 147,740,000 Shares. The Company has been reviewing with Mr. Chung on a timely basis to recover the outstanding amount.

Due to the delay of launching of the business plan, impairment loss on goodwill and intangible assets of approximately HK$10,377,000 and HK$14,797,000 respectively has been recognised. The managements are still optimistic on the industry and 3 Dynamics. For details, please refer to notes 18 and 19 of the consolidated statements.

Management Discussion and Analysis

Natural Gas and Clean Energy Business

Demand for LNG, a clean energy resource, slowed due to the depressed crude oil prices, which affected the Group's earnings from this business segment. Operating through its JV company, Jiangxi China Oil Gangran Energy Technology Company Limited, the Group continued to develop the businesses of LNG, CNG and related clean energy. Through the patented technology it held, the JV company also helped the conversion of diesel-powered vessels to run on LNG, which is not only much less polluting but also prolonged their engine lifespans. Jiangxi China Oil Gangran Energy Technology also embarked on joint research projects with some of China's top tertiary institutions and research units to uncover possibilities of conversion technology upgrades. Jilin China Oil Gangran Energy, another subsidiary of the Group, has been into negotiations with the Jilin Oilfield Management Bureau to jointly develop the related oilfields.

On the strengths of China's positive policy and market developments for clean energy utilization, the Group remains confident this business segment will eventually drive its profitability and revenue growth going forward into the country's 13th Five-Year Plan period from 2016 to 2020.

Refined Oil Business

Building on the strong foundation of its energy business, the Group has diversified its operations for a broader revenue base by engaging in the refined oil retail business since mid-2015. Jiangxi China Gangran Energy Technology Company Limited, a subsidiary of the Group, has signed an agreement with Jiangxi Jiujiang Sales Branch Company of PetroChina Company Limited to lease six bunker barges, each with a loading capacity of 1,800 tonnes and a total loading capacity of 10,800 tonnes. Operating the leased vessels in the Yangtze River, Gan River and Poyang Lake basins, the Group has been taking initial but substantive measures to develop its refined oil business in the PRC.

Furthermore, the Group has been granted a Refined Oil Retail License from the Business Bureau of Jiangxi Province of the PRC that officially authorizes its engagement in the refined oil retail business. The Board takes the stance that the development of the refined oil business can help to strengthen its competitive position in China's energy sector and consolidate its future earnings. Such a move is in the interests of the Company and its shareholders.

Having executed the necessary due diligence, the Directors are satisfied, to the best of their knowledge, information and beliefs, that Jiangxi Jijiang Sales Branch Company of PetroChina Company Limited along with its ultimate beneficial owners are third parties independent and not connected with the Company and connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

During the Financial Year, the sales of refined oil contributed approximately HK$57.9 million turnover to the Group, augmenting its total revenues. Considering the enormous market potential and demand for refined oil in the PRC, the Group believes that its future earnings from this business segment will continue to expand from strength to strength.

Trading of Methyl tert-butyl ether 甲基叔丁基醚

During the Financial Year, the Group commenced its trading of methyl tert-buyl ether, a gasoline additive and used almost exclusively as a component in fuel for gasoline engines. Besides increasing the octane number, methyl tert-butyl ether also reduces the fuel vapour pressure (Reid vapour pressure), so that the vapour emissions during automobile fuelling and operation are reduced. Addition of methyl tert-butyl ether reduces exhaust emissions, particularly carbon monoxide, unburnt hydrocarbons, polycyclic aromatics and particulate carbon. In the PRC, where the oxygenate content and environmental concerns are paramount, it is used in significant quantities.

The Group takes the view that its engagement in the trading of such a chemical will bring in considerable revenues, immediately and over the long term. During the Financial Year, the trading of methyl tert-buyl ether generated a turnover of approximately HK$66.9 million to the Group, contributing to an increase of its total revenues.

Potential Acquisition Activities

During the Financial Year, the Group continued to seek for other investment opportunities so as to achieve the aims of business diversification, to expand the source of income and optimize the returns to its shareholders.

The Group entered into a memorandum of understanding ("MOU") on 10 January 2014 (as supplemented by four supplemental memorandum of understanding dated 9 October 2014, 20 January 2015, 9 April 2015 and 31 July 2015 respectively (collectively, the "Supplemental MOUs")) with an independent third party, Mr. Wu Zhi Qiang (the "Seller") in relation to a potential acquisition of Jian Long Da Holdings Limited (the "Jian Long Da") to engage in the construction and operation of centralized heating facilities in Wangdu county of Hebei Province. Pursuant to the MOU, the Seller shall not (and shall procure his agents and adviser not to) during the period of 9 months (the "Exclusivity Period") from the date of the MOU directly or indirectly negotiate with any third party on any sale or transfer of any shares or material assets of Jian Long Da. The Exclusivity Period was extended for a further 12 months by the Supplemental MOUs.

Details of the MOU and the Supplemental MOUs are set out in the Company's announcements dated 10 January 2014, 9 October 2014, 20 January 2015, 9 April 2015 and 31 July 2015 respectively. During the Financial Year, the Group and the Seller has reached a preliminary understanding to refund the full deposit of HK$15,000,000 and to enter into a termination agreement to terminate the MOU and the Supplemental MOUs. Upon the termination of the MOU and the Supplemental MOUs, the parties will have no further obligations to proceed with the proposed acquisition. Up to the date of the report, the deposit remain outstanding.

Furthermore, with reference made to the announcements of the Group dated 7 August 2014, 20 October 2014, 12 February 2015 and 16 October 2015 in relation to the MOU, Supplemental MOU and the Second Supplemental MOU signed by the Group and Sino Grandway International Investment Limited (the "Target Company") in relation to the Company's proposed investment in the Target Company.

On 5 February 2016, the Group entered into the Acquisition Agreement ("Acquisition Agreement") with Zhang Weihua ("Vendor A") and Wei Yingming ("Vendor B"), pursuant to which the Company has conditionally agreed to acquire and Vendor A and Vendor B have conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at an aggregate Consideration of RMB100,000,000 which shall be satisfied by cash.

Subsequently, on 4 May 2016, the Company entered into a second supplemental agreement ("second supplemental agreement") with Vendor A and Vendor B that as additional time is required to complete the due diligence exercise, the long stop date is to extend from 5 April 2016 to 30 June 2016.

The Company has completed its due diligence in relation to the proposed investment and is in negotiation on the commercial terms with the Second Target Company. No binding agreements has been signed by the parties as at the date of this report.

The Board is of the view that the above potential acquisition represent for the Group an opportunity to participate in China's glass products distribution, and are expected to enhance the Group's investment portfolio and future earnings.

Disclosable Transaction

On 23 November 2015 (after trading hours), Mr. Wong Sze Chung Armstrong ("Mr. Wong") and New Skyline Group Limited, a wholly-owned subsidiary of the Company ("New Skyline Group Limited") entered into the acquisition agreement ("Acquisition Agreement") pursuant to which Mr. Wong agreed to sell New Skyline Group Limited and New Skyline Group Limited agreed to purchase from Mr. Wong the entire issued share capital of the Instant Strong Group Limited, at an aggregate consideration of HK$200,000,000.

The consideration shall be satisfied as to partly by cash and partly by the consideration shares, which shall be issued under the general mandate, granted to the Directors at the annual general meeting held on 20 July 2015. For details, please refer to the announcement dated 23 November 2015.

On 28 January 2016, Mr. Wong and New Skyline Group Limited entered into the supplemental agreement in relation to the Acquisition Agreement ("Supplemental Agreement") to extend the long stop date and the time for New Skyline Group Limited to advance HK$5,000,000, being the first part of the Shareholder's Loan, to Wide Code New Materials in the name of the Mr. Wong. For details, please refer to the announcement dated 28 January 2016.

Subsequently, on 4 May 2016, a supplemental agreement ("Supplemental Agreement A") was entered between the Company and Mr. Wong that as additional time is required to complete the due diligence exercise, the long stop date is to be extended from 5 April 2016 to 30 June 2016.

The sole asset of Instant Strong Group Limited is the 15% legal and beneficial interest in Wide Code New Materials Development Company Limited ("Wide Code New Materials"). Upon the completion of the said acquisition, Wide Code New Materials will hold the entire equity interest of Wuhu Weixiang which is a company established in PRC and is principally engaged in the production, sale and research and development of neo-material in the PRC.

Wuhu Weixiang produces ultra-fine composite active ground calcium carbonate powder and functional composite master batch, which are broadly applied in plastic, paint, paper and rubber products manufacturing industries. Wuhu Weixiang is planning to engage in the calcite ore trading business in the future.

Potential Investment

The Company has entered into a memorandum of understanding on 11 January 2016 with an independent third party, China Oil Energy Group Holdings Limited (the "Target Company") in relation to the potential investment in engage in the petrol gas station business in Guangdong Province in the PRC and the Group may leverage on the Target Company's petrol gas stations network to supply natural gas. The Company considers that the proposed acquisition will further enhance the investment portfolio and future earnings of the Group. For details, please refer to the announcement dated 11 January 2016.

Change of Directors

With effect from 15 December 2015:

Mr. Zheng Jian Peng ("Mr. Zheng"), has been appointed as an executive director of the Company.

Mr. Zheng Jian Peng, aged 34, holds a Master of Law in International Economic Law degree from the Chinese University of Hong Kong and a Bachelor of Business Administration degree in Accounting from the Open University of Hong Kong. He is currently studying a Doctorate degree in Business Administration at the Hong Kong Polytechnic University. Mr. Zheng is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Zheng was an executive director of Sing Pao Media Enterprises Limited (Stock Code: 8010) for the period from January 2014 to October 2014 and was an executive director and the chief executive officer of a PRC based property developing company for the period from April 2014 to October 2014. Prior to that, Mr. Zheng was a financial controller of China Fortune Investments (Holding) Limited (formerly known as China Public Healthcare (Holding) Limited) (Stock Code: 8116) for the period from 1 March 2010 to 31 March 2012. Mr. Zheng has auditing experience in two International accounting firms. He was an executive director of Global Strategic Group Limited (Stock Code: 8007) until 3 June 2016.

Changes of Company Secretary and Authorized Representative

With effect from 15 December 2015:

Miss Fok Joyce Sing Yan ("Miss Fok") has tendered her resignation as the company secretary and one of the authorised representative of the Company under Rule 5.24 of the GEM Listing Rule.

Mr. Wong Ching Wan ("Mr. Wong") has been appointed as the company secretary and one of the authorised representatives of the Company following Miss Fok resignation from the aforesaid positions.

Management Discussion and Analysis

Mr. Wong Ching Wan, aged 49, is a Certified Public Accountant of Australia, Certified Public Accountant of Hong Kong, Chartered Professional Accountant of Canada and fellow member of the Taxation Institute of Hong Kong. He obtained a Bachelor of Business and Administration degree from the Chinese University of Hong Kong in 1989 and a Bachelor of Commerce degree from the University of Southern Queensland in 1992. He also studied in the professional Master of Business Administration course offered by the Troy State University, United States. Mr. Wong was the independent non-executive director of Grand Field Group Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 115) from December 2008 to January 2009. Mr. Wong is currently an independent non-executive director of Huge China Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 428), an independent non-executive director of On Real International Holdings Limited, a company whose shares are listed on the GEM board of the Stock Exchange (stock code: 8245) and a director of Network CN Inc., a company whose shares are traded on OTCQB of the United States of America (stock code: NWCN). Mr. Wong has more than 25 years of experience in auditing, internal control, financial control and capital market.

OUTLOOK

During the Financial Year, the business sectors in which the Group operated saw their growths hampered by international financial volatility and a slowdown in the emerging markets, including China. Falling commodity prices, the declining global industrial output and depressed trading added to the uncertainties. Despite the challenging macro-economic conditions, the Group achieved a steady growth across its traditional and new business segments generally. Correspondingly, it recorded a 144.72% increase in overall turnover, due to revenue growth from the sales of refined oil and chemicals trading.

While this low-growth environment appears likely to persist in 2016 and beyond, the Group is steadfastly committed to expanding its market presence and profitability, through an operational strategy calculated to broaden its revenue bases and capture new business opportunities presented by the market developments and in alignment with China's latest policies.

The Group remains optimistic of its consumer products business, although the turnover of its home appliances, mobile phone earphones and data cords dipped during the previous financial year due to keen market competition. Under the 13th Five-Year Plan, the Chinese government will act to shift the economy from a focus on exports and investment toward services and consumer spending.

The Group's mobile apps business is also expected to be a principal revenue driver. With over a quarter of the Chinese population owning mobile phones with ready access to the Internet, the demand for mobile apps, especially gaming apps, is massive. According to a white paper by the Global Mobile Game Confederation, China will become the top global market for online games by 2016, yielding US$7.7 billion in revenues. As a business diversification move, the Group has acquired 3 Dynamics, a company experienced in developing mobile games and popular cartoon characters. Though still at a nascent stage, 3 Dynamics is anticipated to contribute to the Group's profitability as its business matures. However, during the Financial Year, the company's performance was affected in light of the sudden changes in marketing arrangements initiated by the copyright owner for the related cartoon characters.

Apart from its newly acquired mobile apps development business, the Group also has acquisition plans targeting Sino Grandway Investments, a glass products manufacturing company, and Wuhu Weixiang Chaoweicailiao Company Limited（蕪湖偉翔超微材料有限公司）, a mainland-based company specializing in the production of new materials used in the plastics, coating, paper and rubber industries. The rationale is to facilitate the Group's entry into other high-growth sectors of the PRC, to further diversify its investments, broaden its revenue base and increase the returns for its shareholders. In line with China's 13th Five-Year Plan, which continues to encourage Liquefied Natural Gas (LNG) utilization within the waterborne transportation industry, the Group will continue to leverage on the patent technology held by its JV company Jiangxi China Oil Gangran Energy Technology Company Limited for the conversion of vessels to LNG bunkers and develop this business segment further. Presently, such conversion can result in a savings of 15 percent of fuel cost, a 70 percent reduction in emissions of nitrogen oxides (NOx) and longer engine life. However, the continuously low prices of crude oil deterred vessel operators from utilizing natural gas, which was costlier, hence slowing the demand for such clean energy. Over the longer haul, the Group believes that the demand for LNG will continue to expand due to state policies mandating environmental protection.

Through its branch company in Jiangxi, the Group has also embarked on R&D projects jointly with the country's key tertiary institutions and research organizations, such as Harbin Industrial University, with a view of optimizing and upgrading its technology for LNG vessels conversion.

Recent years have seen China pursuing a clean energy policy, including one for the waterborne transportation sector, as evident in a plan by the Ministry of Transport to cut polluting emissions from vessels in the Pearl River Delta, Yangtze River Delta and Bohai Sea by 65% by 2020. The country also plans to boost its regulations preventing ship and port pollution, reducing emissions and promoting the use of clean energy. Nationwide guidelines and measures promulgated by the state to promote natural gas consumption across all transportation sectors included Guiding Opinions on Accelerating the LNG Utilization in the Waterborne Industry; Administrative Measures of Standardized Subsidy on Inland Canal Vessel and Plan to Cope with Climate Changes (2014-2020).

Given these definitive policy and industry trends, the Group has tasked its Jiangxi joint venture to set up oil and natural gas refilling stations, as part of an initiative to refine its product sales model. Alongside PetroChina Company, Sinopec, and CNOOC, the JV subsidiary holds the franchise to operate six refueling vessels, each weighing 1,800 tonnes, in Yangtze River, Gan River and Poyang Lake. Discussions are also underway between Jilin China Oil Gangran Energy, another subsidiary of the Group, and the Jilin Oilfield Management Bureau on possible collaboration projects, such as electrical energy upgrades and joint exploration of local oilfields. All these potential projects are moving forward to the technical and feasibility analysis stage. Successful execution of the above initiatives will position the Group as a credible clean energy provider in China's waterborne transportation sector.

Management Discussion and Analysis

In 2013, Chinese President Xi Jinping outlined the nation's "One Belt One Road" plan – a developmental initiative designed to link China's Southern and Eastern commercial hubs with Europe and Africa. This strategic initiative to create a modern trade route through infrastructure investments is expected to bring an array of possibilities. Responding positively to the vision, the Group is confident that 'One Belt One Road' will open new markets for its entry and expansion. Building on its robust business foundation in clean energy, the Group sees itself being offered the opportunities to branch into newer product categories, including solar power, solar thermal energy, new energy automobiles, day-to-day clean energy applications, cultural tourism and big-data network solutions.

While the growth opportunities are wide ranging, the challenge for China Oil Gangran Energy Group Holdings Limited is to assess, identify and take advantage of those that can ensure the attractiveness of its corporate brand is maintained and that high quality execution is sustained. To accomplish this, considerable risk management and control are called for, with a degree of prudence to be exercised on every major business decision made.

Over the years ahead, the clean energy business will remain as a significant part of the Group, owing to its promising outlook combined with the positive policy milieu and market from China. Complementing it are other business segments, such as mobile apps development and consumer electronics products, which are likely to turn profitable as the country's consumer market further develops. Still, continual improvement and innovation in product portfolio is critical in securing optimal returns and value for the Company's shareholders and its other stakeholders.

FUNDRAISING ACTIVITIES

In order to meet the needs of business development, the Group successfully completed a equity fundraising activity during the Financial Year, as detailed below:

Date of announcement	Method of fundraising	Net proceeds received	Intended use of proceeds	Actual use of proceeds
20 January 2016	Placing of Shares	Approximately HK$25.5 million	General working capital of the Group and/or for financing future investment opportunities	The proceeds were used as general working capital of the Group during the Financial Year

On 20 January 2016, the Company and HF Securities and Futures Limited (the "HF Securities") has entered into the placing agreement ("the Placing Agreement 2") for a placing of shares under general mandate. Pursuant to which the HF Securities has conditionally agreed to place, on behalf of the Company, up to a maximum of 250,000,000 placing shares ("Placing Shares 2"), on a best efforts basis, to the placees at the placing price of HK$0.105 per Placing Share 2. The Placing Shares 2 represent 2.57% of the issued share capital of the Company as at 20 January 2016 and approximately 2.51% of the issued share capital of the Company as enlarged by the placing of shares. The maximum gross proceeds from the placing of shares will be approximately HK$26,250,000 and the maximum net proceeds from the placing are estimated to be approximately HK$25,462,500, which will be used as general working capital of the Group for financing future investment opportunities. For details, please refer to the announcement dated 20 January 2016.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting of the Company ("2016 Annual General Meeting") will be held on Friday, 29 July 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2016 Annual General Meeting of the Company to be held on Friday, 29 July 2016, the register of members of the Company will be closed from Wednesday, 27 July 2016 to Friday, 30 July 2016, both dates inclusive. During this period, no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the aforesaid meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Agent in Hong Kong, Tricor Investor Services, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 26 July 2016.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2016, the Group employed 262 (2015:343) full-time employees in mainland China and Hong Kong combined. The employees' remuneration policy of the Group is regularly reviewed and determined by reference to market terms, the Group's financial performance as well as the individual's academic and professional qualifications and work performance. Staff benefits include Mandatory Provident Fund contributions for Hong Kong employees and contributions to central pension schemes operated by local municipal governments for mainland-based employees. The Group provides various training programmes to equip its staff with requisite skills and knowledge. In addition, a share option scheme is offered to recognize significant staff contributions. During the Financial Year, no share options (2015:1,201,740,000 share options, after share subdivision) were issued to eligible participants under the Company's share option scheme. Total staff costs, inclusive of Directors' remuneration, for the Financial Year totaled approximately HK$34.3 million (2015: HK$45.2 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2016, the aggregate carrying value of the Group's indebtedness was approximately HK$107.6 million (2015: approximately HK$129.4 million), which comprised of promissory notes, convertible bonds (liability components) and bank borrowings. The indebtedness was denominated in Hong Kong dollars. Details of the maturity profile and interest rate range of the Group's indebtedness are set out in note 29, 30 and 31 to the consolidated financial statements. As at 31 March 2016, the Group maintained bank and cash balances of approximately HK$38 million (2015: approximately HK$100 million).

As at 31 March 2016, the Group had trade receivables of approximately HK$14 million (2015: approximately HK$22.9 million), representing approximately 7.20% (2015: approximately 28.77%) of the Group's turnover of approximately HK$194.8 million (2015: approximately HK$79.6 million) for the Financial Year.

As at 31 March 2016, the Group's gearing ratio was approximately 31% (2015: 33%). This was based on the division of the Group's total indebtedness by the aggregate amount of total indebtedness and total equity attributable to owners of the Company. The Directors, taking into account of the nature and scale of operations and the capital structure of the Group, considered that the gearing ratio as at 31 March 2016 was reasonable. Details of the Company's share structure as at 31 March 2016 are set out in note 33 to the consolidated financial statements.

SECURITIES IN ISSUE

During the Financial Year,

(1) on 5 February 2016, 240,000,000 new ordinary shares at the placing price of HK$0.105 were issued to independent third parties.

(2) 554,870,000 new ordinary shares were issued upon the exercise of share options under the share option scheme of the Company.

(3) During the year, the Company issued 480,168,744 new ordinary shares at subscription price of HK$0.237 per share for conversion of convertible bonds.

Save as disclosed above, there was no change in the issued share capital of the Company during the Financial Year.

EXPOSURE TO FOREIGN EXCHANGE RISK

As the Group operates principally in Hong Kong and the PRC, its exposure to foreign currency risk is minimal. In this respect, the only risk it is faced arose from exposures mainly to the renminbi ("RMB") and the United States dollar ("US$"). These risks were mitigated as the Group held HK$, US$ and RMB bank accounts to finance transactions denominated in these currencies respectively. The Group has no foreign currency hedging policy for foreign currency transactions, assets and liabilities. During the Financial Year, the Group did not use any financial instruments for hedging purposes. The Group will continue to monitor its exposure to foreign exchange risks and will consider hedging such exposure, should such a risk arises.

PLEDGE OF ASSETS

As at 31 March 2016, the Group's following assets are pledged to secure its bank borrowings:

a) Group pledged its leasehold land and buildings with an aggregate carrying value of approximately HK$14,270,000 (2015: approximately 4,175,000); and

b) The bank borrowings were also secured by corporate guarantees provided by the Company.

SIGNIFICANT DISPOSALS

Save as disclosed below, the Group had no other significant investments and disposals, nor has it made any material acquisition or disposal of the Group's subsidiaries or affiliated companies during the Financial Year.

On 15 July 2015, Brave Lead International Limited ("Brave Lead"), a wholly-owned subsidiary of the Company, and MK Investment Limited ("Purchaser") have entered into a sale and purchase agreement, pursuant to which Brave Lead has agreed to dispose the entire interest of its wholly owned subsidiary, Forever Ascent Limited at a cash consideration of HK$1,500,000 (the "FA Disposal"). During the year ended 31 March 2016, the FA Disposal has been completed and all the precedent conditions were fulfilled.

Also, on 17 December 2015, to disposal of Sun Fair Electric Wire & Cable Solutions Limited ("SFS"), 70%-owned subsidiary of the Group, the Group has entered into a sale and purchase agreement at consideration of HK$280,000 (the "SFS Disposal"). SFS was principally engaged in provision of securities to facilitate sales arrangements and support before the disposal. During the year ended 31 March 2016, the SFS Disposal has been completed and all the precedent conditions were fulfilled.

COMMITMENTS

The Group's commitments as at 31 March 2016 are set out in note 37 and 38 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2016 (2015: HK$Nil).

SEGMENT INFORMATION

Detail of the segment information is set out in note 9 to the consolidated financial statements.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

This is the second year for China Oil Gangran Energy Group Holding Limited (together with its subsidiaries collectively referred to as the "Group"), to prepare the Environmental, Social, and Governance report (hereinafter referred as the "ESG Report") to highlight its ESG performance. This ESG report is to oblige to the recommendation of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the performance reporting on ESG issues.

2. THE SCOPE, MATERIALITY, AND REPORTING PERIOD OF THIS REPORT

This ESG report covers the Group's overall performance in two subject areas, namely, Environment and Social for the business operations in Hong Kong and China. After conducting the materiality testing, the Group has decided to including the headquarter office in Hong Kong and two operating companies in Shenzhen, Guangdong Province and Jiujiang, Jiangxi Province of China respectively. The operation of Sun Fair Electric Wire & Cable (HK) Company Limited in Shenzhen is principally engaged in the design, develop and manufacture of standard or custom assembly cable. The operation of Jiangxi China Oil Gangran Energy Technology Company Limited in Jiujiang is principally engaged in the retailing of diesel fuel in the Poyang Lake for the sand dredging vessels for the reporting period from 1st April, 2015 to 31st March, 2016 unless otherwise stated.

The Group has been visionary and focused on integrating ESG considerations into all key operating companies and key performance indices will be developed to improve the energy and resource usage efficiency and minimize risk for the long term. This would be beneficial to the stakeholders of the Group.

3. STAKEHOLDERS' FEEDBACK

We welcome stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at info@chinaoilgangran.com

4. THE GROUP'S MISSION AND VISION

4.1 Mission

In responding to the guiding opinions of China's Ministry of Transport's 'Highway and Waterway Transportation Environmental Protection Plan' in 2012 after the announcement of the 12th Five-year development plan of the Chinese Government, the Group has taken the opportunity to expanding its business from diesel fuel retailing to providing conversion for the waterway transportation vessels from utilizing diesel fuel to liquefied natural gas ("LNG") in China. The Group aims to convert waterway transport to adopt LNG utilization so as to replace traditional diesel fuel use gradually. Compared with diesel fuel, LNG is natural gas in a liquid form that is clear, colourless, odourless, non-corrosive, and non-toxic. It is produced when natural gas is cooled to minus 161 degrees Celsius through a process known as liquefaction. During this process, the natural gas, which is primarily methane, is cooled below its boiling point, whereby certain concentrations of hydrocarbons, water, carbon dioxide, oxygen, and some sulphur compounds are either reduced or removed. LNG is also less than half the weight of water, so it will float if spilled on water which will be vaporized. LNG is much more environmentally-friendly than fossil fuel such as diesel and can bring more economical benefits to vessel owners. Statistical data shows that it can save about 15% cost for those LNG converted vessels. Sustainable development is important in maintaining the healthy infrastructure of the busy waterway transportation system in China, the Group's mission is to reduce pollution, conserve natural and ecological environment, with the aim to solidify its strong core in Jiangxi Province and expand to Jilin Province in China. The Group strives to maintain an organization with a green culture.

4.2 Vision on Environment, Social, and Governance

The logistics and transportation industry in China has experienced steady growth over the past few years, remaining one of the main end users of petroleum products. As the key diesel distributor in Jiangxi and the business is expanding to Jilin for the waterway transportation vessels, the Group is progressively and gradually expanding in the fuel retailing segment and sustaining the growth in the industry.

With China's increasing economic development and industrial products production, fuel consumption was increased drastically and will continue to grow, together with the growing concern on environmental issues, and the implementation of the 12th Five-year's targets in non-fossil fuel usage in primary energy consumption and decrease in energy consumption and Co_2 emissions per unit of GDP, the Group's vision and aspiration are:

1. To ensure that businesses is sustainable and profitable providing healthy and long-term returns to shareholders;

2. To do business in environmentally-friendly ways to conserve resources;

3. To create a positive impact and contribute to the communities; and

4. To be an effective organization that enhances integrity and high operational standards.

5. STAKEHOLDER ENGAGEMENT

The Group has engaged in meetings and events to communicate to various stakeholders to obtain information, comments, and feedback from them to understand their expectation in the development of the Group's business portfolio and sustainability.

5.1 Investors/Shareholders

To communicate financial performance, sustainable corporate business development prospects, and to get investors and shareholders comments through:

- Annual general meeting and notices
- Annual reports, consolidated financial statements and announcements
- Corporate website
- Investors briefings

5.2 Customers

To communicate product and service quality, product development and safety commitment information and to seek comments through:

- Corporate website
- Customer service hotline

5.3 Employees

To encourage employees to share their questions, concerns, suggestions or complaints with their departmental supervisor, the Group has an open door policy to exchange work related issues with employees through:

- Notices and circulars
- Team briefings
- Staff opinion survey
- Employees performance appraisals

5.4 Suppliers

To maintain product quality and safety, mutually sustainable procurement, customer and employee confidence through:

- Contracts
- Supplier guidelines
- Vendor audit reports

5.5 Community

To ensure corporate social responsibilities, ethical business practices, and operational transparency through:

- Corporate website
- Annual reports
- Code of conduct

6. ENVIRONMENTAL PROTECTION

To provide meaningful information for this ESG report, the Group is disclosing its carbon footprint as a socially responsible enterprise in Hong Kong and China. The carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of equivalent amount of Carbon Dioxide (CO_2) emission.

The carbon emission from the operations of the headquarter office in Hong Kong and two operating companies in Shenzhen and Jiujiang in China are reported in this report. The operation of Jiangxi China Oil Gangran Energy Technology Company Limited has two office locations in Nanchang and Jiujiang, and it is operating six waterway diesel retailing vessels in Poyang lake of Jiangxi, whereas another subsidiary Sun Fair Electric Wire & Cable (HK) Company Limited has a factory in Shenzhen. However, the six diesel retailing vessels were excluded in this year's carbon emission calculation as not all six vessels were in operation in the reporting period.

6.1 Emissions

Organizational boundaries: The Group accounts for 100% of emissions from its operations

6.1.1 Type of Emissions

As a commercial enterprise specializing in wire and cable production and diesel fuel retailing services in China, the Group's business operations do not involve in production-related air, water and land pollutions which are regulated under national laws and regulations. In addition, no hazardous waste was produced by the Group in the reporting period.

6.1.2 Greenhouse Gas Emissions

There were 1,529.19 tonnes of Carbon Dioxide equivalent (tCO_2-eq) greenhouse gases (mainly carbon dioxide, methane, and nitrous oxide) from the total operation area of 2,305.90 square meters (m^2) produced by the Group in the reporting period. The annual carbon intensity due to energy usage was 0.566 tCO_2-eq/m^2, while the total carbon intensity due to scope 1, 2, and 3 combined was 0.663 tCO_2-eq/m^2.

The figure is contributed by:

Scope of greenhouse gas emissions	Emission sources	Emission (in tCO_2-eq)	Total emissions and percentage
Scope 1 Direct Emission	Consumption of Unleaded Petroleum and diesel by the Group's owned fleet (55,384.12 litres)	161.83	161.83 (10.58%)
Scope 2 Indirect Emission	Consumption of Purchased Electricity (1,439,142.00 kWh)	1,305.15	1,305.15 (85.35%)
Scope 3 Other Indirect Emission	Disposal of Paper Waste (12,218.00 kg)	58.65	
	Fresh Water Processing (1,241,837.00 m^3)	2.53	
	Sewage Water Processing (1,241,837.00 m^3)	1.03	62.21 (4.07%)
Total		1,529.19	1,529.19 (100%)

6.1.3 Hazardous Waste Produced

Organizational boundaries: The Group accounts for 100% of emissions from its operations.

In the manufacturing aspects, the Group has implemented environmental management System ISO 14000. Training and governing guidelines are provided to employees on energy saving, waste reduction and water conservation. Waster separation system and recycling scheme were established in the factory's production line. In the product aspect, all products for export were designed to fulfill environmental related tests such as RoHs, REACH, and WEEE, etc. Production systems are implemented to minimize the use of hazardous materials in products that include PVC, heavy metal, and halogen compounds with international recognition including UL and VDE.

6.1.4 Non-hazardous Waste Produced

Non-hazardous wastes produced from the Group mainly consist of used paper (e.g. office papers), and packaging materials (e.g. plastic bags and carton boxes).

The Group's record indicated that 12,218.00 kg of papers and carton boxes were used for office operations and packaging of wires and cables in the manufacturing operations in the reporting period. The Group is conscientious in using papers for office operations, a number of paper-saving initiatives were implemented to reinforce the paper reduction and recycling measures, while the carton boxes are necessary in the packaging of the electric wire and cable products for shipping and transportation.

6.2 Use of Natural Resources

6.2.1 Energy and Water Consumption

Organizational boundaries: The headquarter office in Hong Kong, the electric wire and cable factory in Shenzhen and the office locations in Nanchang and Jiujiang of Jiangxi province.

The total floor area occupied by the Group for its operations in Hong Kong and China was 2,305.90 square meters (m^2).

The electricity consumption by the Group was 1,439,142.00 Kilowatt-hour (kWh) in the reporting period, with an energy intensity of 624.11 kWh/m^2.

Freshwater supply is adequate in Hong Kong and China. The water consumption of the Group was 5,976.00 cubic meters (m^3) in the reporting period. However, it could not represent the total water use of the Group as the water usage was included in the management fee of the headquarter office in Hong Kong. Hence, the Group is conscientious in the conservation of water resource as a socially responsible company.

6.3 Environmental Conservation

6.3.1 Energy Conservation

Electricity consumption is identified as having a significant impact on the environment and natural resources. A typical commercial building uses more energy for lighting and air conditioning than other electric equipment. In the Group's factory and offices in China, employees are well aware of energy-saving initiatives; everyone has enforced good practices in the maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximize efficiency and reduce energy consumption. Besides, China is popular in the usage of motion-sensor lighting to reduce unnecessary electricity consumption, the energy conservation initiative is welcomed and the employees are pleased to support the Group's energy saving measures.

7. HUMAN CAPITAL

As at 31st March, 2016, the total number of employees of the Group in Hong Kong and China was 260. To attract, retain, and motivate employees, the Group has devised a competitive compensation and benefits package. In addition to the basic package, for instance, severance payment, mandatory provident fund, employment compensation insurance, medical insurance, annual leave, sick leave, compensation and benefits such as double pay, performance bonus, travelling allowance, overtime allowance, education sponsorship, overseas training and paid leaves (marriage, compassionate, work compensation, study and examination) are given.

7.1 Employment

Employees' remuneration is commensurate with their job nature, qualifications and experience. Performance reviews are carried out annually in December to ensure adequate understanding on employees' performance. It also provides the opportunity for both the management and employees to identify areas for and ways of performance improvement, to agree on training needs, and to feedback on problems and concerns. Salary scales and individual salaries are normally reviewed annually in January based on performance appraisals and other relevant factors such as salary surveys in the market. Salary adjustment for contract staff will be made in accordance with the terms and conditions in individual contract. The Group encourages internal promotion, employees are promoted based on their performance in the current position and the extent to which they demonstrate the attributes required for the higher grade.

The Group has devised an employee handbook to be distributed to employees which is an important communication medium since it relays important information such as conditions of employment, rules, policies, procedures, regulations, remunerations, and benefits surrounding employment. It also communicates important laws and work ethics, and occupational health and safety guidelines. It is a vital tool in helping to define the expectations of employees and management, and also to protect employees and management against unfair and/or inconsistent treatment and discrimination. Human Resources Department head/Administration Department head are responsible to ensure employees have read and understood the contents of the handbook and keep signed records from employees for record keeping. An electronic copy of the employee handbook was uploaded to the public area of the Company's server for employees' reference.

7.2 Employee Health and Safety

The Group cares about the well-being of employees through adopting various occupational health and safety measures. Specific instructions and guidelines on employees health and safety procedure are developed and communicated through the employee handbook, briefings, notices, posters, and slogans to promote and enhance safety awareness and practices among employees. Specific instructions and proper equipment in respect of fire occurring in office locations, factory buildings, and the diesel retailing vessels are appropriately displayed and located. The Group provides clear instructions and information, and adequate training to ensure employees are competent to perform at work. In order to sustain safe and healthy working conditions, equipment and machinery are properly placed and maintained, materials for production are safely stored and employees must adhere rigidly to the safety instructions.

7.3 Employee Development and Training

Employees are promoted based on their performance in the current position and the extent to which they demonstrate the attributes required for the higher grade.

The Group understands that human resources are important in product development and service provision and also one of its most vital assets. Thus, different training programs are developed to ensure employees are trained professionally. In addition, the Group also encourage employees to study or further their education by providing sponsorship. The Group also engaged The Hong Kong Institute of Directors in Board Training Programme for the board members to attend.

7.4 Employee Communications

To increase employee engagement, the Group encourages candid internal communication and by offering an open door policy, employees are welcomed to share their questions, concerns, suggestions or complaints with their departmental supervisor. Employees are encouraged to speak with any Executive Director of the Group should employees feel uncomfortable speaking with their supervisor or are not satisfied with respective supervisor's response, supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing or by email to the Chairman of the Audit Committee, who has the responsibility to investigate all reported complaints.

Employees with concerns or complaints may also submit their concerns in writing or by email directly to their supervisor, Executive Director, Chairman of the Board, or Chairman of the Audit Committee. If the Chairman of the Audit Committee received a concern or complaint submission from an employee, he must respond to the employee within 14 days upon receipt of the submissions and must inform the employee the result of investigation.

7.5 Labour Standards

There is no child nor forced labour in the Group's operations as it is in compliance with the Employment Ordinance – Chapter 57 of the Laws of Hong Kong and the Provisions on the Prohibition of Using Child Labour and the Law of the People's Republic of China on the Protection of Minors and as stipulated by the Labour Law of the People's Republic of China in terms of employment management. The recruitment process is strictly abided by the guidelines of the Group's Human Resource Department by screening all job applicants who are able to meet the specific qualifications and requirements of the vacancies. Suitable candidates are then shortlisted and recommended to respective hiring department for subsequent selection interviews. Job applicants must complete an "Employment Application Form" with personal information for internal record keeping and legal compliance.

Work security and insurance package:

Hong Kong	China
Severance Payment/Long Service Payment	Health and Safety Endowment Insurance
Mandatory Provident Fund	Medical Insurance
Employment Compensation Insurance	Unemployment Insurance
Medical Insurance	Work-related Injury Insurance
Maternity/Paternity Leave with Pay	Childbirth insurance
Performance Bonus	Housing accumulation funds

7.6 Equal Employment Opportunity

The Group provides equal opportunities for employees in respect of recruitment, promotion, internal transfer and remuneration. The employees are not discriminated against or deprived of such opportunities on the basis of gender, nationality, marital status, religious belief, disability, pregnancy or any other discrimination prohibited by applicable law. In addition, sexual harassment is unlawful under the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong) and the Group will take appropriate disciplinary action against anyone who is in breach of the regulations. Human Resource Department of the Group will investigate thoroughly and confidentially in accordance with the guidelines in handling sexual harassment complaints.

8. OPERATING PRACTICES

8.1 Supply Chain Management and product responsibility

The quality and safety of wires and cables products are among the top priorities of the Group; its procurement management system oversees and manages processes from raw materials used, product design, customer specification, product packaging, and quality management system in factories, transportation, and final products testing. The Group is committed to ensure its supply chain is operating as efficiently as possible to ensure its products are safe and standardized. The Group's electric wires and cables have passed a number of environmental related tests such as RoHs, REACH, and WEEE, etc.

8.2 Group Procurement

As a responsible member of the community and to ensure product safety and service quality, the Group's procurement policy is to ensure all goods and service are procured in an honest, competitive, fair, and transparent manner that delivers the best value for money.

8.3 Anti-corruption

Employees are required to observe the Company's rules and regulations as well as the employees' code of conduct (the "Code of Conduct") in order to maintain the integrity and effectiveness of the Group. When employees have doubt on any course of action at work, they should consult their departmental manager or the Human Resource Department. As stipulated in the Code of Conduct, employees are expected to behave in a responsible and professional manner at all times, and to treat their colleagues, customers and third party they come into contact with courtesy and respect. Employees should not offer, solicit or accept anything of material value to or from their colleagues, customers, suppliers or other business partner of the Group unless the Group has given its consent. However, gifts or favours of a token nature or generally available to others are acceptable.

Employees are required to report to their management through their departmental manager or the Human Resource Department of incidents or suspected cases of corruption, theft, fraud and embezzlement. The management will make an investigation and report to the police or the Independent Commission against Corruption whichever is appropriate.

The Group requires employees to comply with the requirements set forth in Hong Kong Laws Chapter 615, Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and relevant global legislations (collective referred as "AML").

The Group will regularly brief, circulate, train and update employees the requirements of AML and will also update list of Basel Anti-Money Laundering (AML) Index report developed by the Basel Institute on Governance to help employee to avoid from AML violations during normal course of business operations.

8.4 Conflict of Interest

Newly employed employees of the Group are required to read and sign the Group's statement of policy governing conflicts of interest. It requires employees to avoid any conflict between their personal interest and the interest of the Group in dealing with suppliers, consumers and all other organizations doing or seeking to do business with the Group and its subsidiaries.

8.5 Data Protection Policy

The Group provided licensed software for employees to use in performing their duties. Employees are strictly forbidden from installing and using illegal software in the Group's personal computers nor permitted to use the personal computers for usage other than company businesses. Employees are not allowed to disclose, exploit or use directly or indirectly confidential information regarding the Group to which they have access as a result of their employment. Failure to observe the rules of the policy may lead to disciplinary action and dismissal by the Company.

8.6 Privacy and Personal Data Policy

Personal data supplied by the employee during and after the engagement process with the Group are recorded for the purpose of employee's employment and in a personal file that is kept by the Group's Human Resource Department and is confidential and access thereto is restricted to the provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) The Company holds data of its employees and their family for the purpose of administration, performance appraisal, and compensation and benefits administration. An employee can approach the Company in writing for information on whether the Company holds any of his/her personnel data and if so, details of such data. He/she has the right to request for amendment of any data which he/she finds to be incorrect.

9. FUTURE DIRECTION TOWARDS SUSTAINABLE DEVELOPMENT

In the future, the Group will:

- Proactively develop business that promotes awareness and practices on natural resource usage reduction and energy conservation;
- Seek energy-saving and environmentally-friendly technologies and materials for its new natural gas business;
- Consider ways to minimize environmental impacts by fine-tuning product design and production process;
- Seek opportunities to work with charity partners to get involved in various community programs and contribute to society; and
- Strive to accommodate and adapt to stakeholders' needs in realistic and reasonable ways.

10. CONCLUSION

The Group has conducted the ESG reporting in accordance with the HKEx Environmental, Social, Governmental Reporting Guide (Appendix 20 of the GEM Listing Rules), all the information available for the reporting period are included in this report. The Group is committed to continue the ESG reporting on a regular basis and to improve on policies and procedures to the management, measurement and monitoring system of ESG related strategies that will facilitate a more sustainable business growth.

Report of the Directors

The Directors submitted their report together with the audited consolidated financial statements for the Financial Year.

BUSINESS REVIEW

For details of the business, please refer to the Management Discussion and Analysis section of this report.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries of the Company and their activities are set out in note 42 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Financial Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 61 and 62.

The Directors do not recommend the payment of dividend for the Financial Year.

RESERVES

Movements in the reserves of the Group and of the Company during the Financial Year are set out in the consolidated statement of changes in equity on page 65 and note 41 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 16 to the consolidated financial statements.

SHARE ISSUED IN THE YEAR

Details of the shares issued are set out in note 33 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2016 amounted to approximately HK$307,469,000 (2015: approximately HK$274,345,000), calculated under the Companies Law of the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2016 are set out in notes 42 to the consolidated financial statements on pages 140 to 142.

EQUITY LINKED AGREEMENTS

(a) Convertible bonds

During the Financial Year, convertible bonds with an aggregate principal amount of HK$113,800,000 were matured. The proceeds being the principal amount received was used as general working capital of the Group. The holders of the Convertible Bonds shall be deemed to have exercised their rights to convert all outstanding Convertible Bonds and such Convertible Bonds will be automatically converted into Conversion Shares at the prevailing Conversion Price if, at any time during the Conversion Period, the average closing price per Share for the immediately preceding 10 consecutive trading days exceeds (but does not include) HK$0.32, which is 35% more than the prevailing Conversion Price.

299,999,984 new ordinary shares were converted by means of automatic conversion. 93,248,938 new ordinary shares were converted by means of voluntary conversions and the remaining 86,919,822 new ordinary shares were converted upon maturity. All the new ordinary shares were converted at a conversion price of HK$0.237 per share. The Group did not issue any new convertible bonds during the Financial Year.

(b) Share options granted to directors, selected employees and consultants

Details of the share options granted in prior years is set out in Note 34 of the consolidated financial statements and "Share options scheme" section contained in this Directors' Report. No share options were granted during the Financial Year.

510,870,000 new ordinary shares were exercised during the year from seven consultants. The total consideration received was HK$47,396,040.

44,000,000 new ordinary shares were exercised during the year from Executive Director, Mr. Ho Chun Kit Gregory. The total consideration received was HK$4,048,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company, or the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 144 of the Report.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") which was adopted pursuant to a resolution of the sole Shareholder passed on 27 April 2011. The purpose of the Scheme is to attract, retain and motivate talented Participants (as defined below), to strive for future developments and expansion of the Group. The Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Group attained through their efforts and contributions.

The Scheme became effective on 27 April 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from the adoption of the Scheme. The terms of the Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

Eligible participants (the "Participants") of the Scheme include the following:

a) any Executive or Non-Executive Director including any Independent Non-Executive Director or any employee (whether full-time or part-time) of any member of the Group;

b) any adviser or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group;

c) any provider of goods and/or services to the Group;

d) any other person who the Board considers, in its sole discretion, has contributed to the Group; and

e) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any of those of (a), (b), (c) and (d) above.

As at 31 March 2016 prior to the issue of the annual report, a total 811,870,000 option shares were still outstanding under the scheme, which represents approximately 0.08% of the issued ordinary shares of the company.

Particulars of the options to subscribe for Shares granted pursuant to the Share Option Scheme as at Financial Period are set out below:

Grantee	Date of grant	Exercise price	Exercise period of share options	Outstanding at 1 April 2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31 March 2016	Market value per share immediately before the date of grant of option	Approximate % of the Company's total issued share capital as at 31 March 2016
Executive Directors										
Ho Chun Kit Gregory	17 March 2015	HK$0.092	17 March 2015 – 16 March 2025	87,174,000	–	44,000,000	–	43,174,000	HK$0.088	0.43%
Chief Financial Officer										
Fok Sing Yan Joyce (resigned as the company secretary on 15 December 2015)	23 September 2014	HK$0.155	23 September 2014 – 22 September 2024	55,000,000	–	–	–	55,000,000	HK$0.17	0.55%
Other Categories										
Consultants in aggregate	17 September 2013	HK$0.218	17 September 2013 – 16 September 2023	55,000,000	–	–	–	55,000,000	HK$1.90	0.55%
	10 October 2013	HK$0.196	10 October 2013 – 9 October 2023	55,000,000	–	–	–	55,000,000	HK$1.90	0.55%
	13 January 2014	HK$0.157	13 January 2014 – 12 January 2024	110,000,000	–	–	–	110,000,000	HK$1.54	1.09%
	14 July 2014	HK$0.128	14 July 2014 – 13 July 2024	165,000,000	–	11,000,000	–	154,000,000	HK$0.13	1.53%
	21 August 2014	HK$0.113	21 August 2014 – 20 August 2024	55,000,000	–	–	–	55,000,000	HK$0.12	0.55%
	16 February 2015	HK$0.082	16 February 2015 – 15 February 2025	87,174,000	–	–	–	87,174,000	HK$0.085	0.87%
	17 March 2015	HK$0.092	17 March 2015 – 16 March 2025	697,392,000	–	499,870,000	–	197,522,000	HK$0.088	1.97%

All the shares options vested immediately on the date of grant and there is no vesting period.

As at the date of the Report, the total number of the shares of the Company (the "Shares") available for issue under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue of the Company on the day on which trading of the Shares commenced on the Stock Exchange, i.e. 1,009,161,274 representing 10% of the issued share capital of the Company as at the date of listing.

The maximum number of the Shares issuable upon exercise of the options which may be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each Participant (other than a substantial shareholder, Chief Executive or Director as explained below) in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to the Shareholders' approval in a general meeting.

Share options granted to a Director, Chief Executive or substantial Shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is the grantee of the options). In addition, any share options granted to a substantial Shareholder of the Company or an Independent Non-Executive Director, or to any of their respective associates, in excess of 0.1% of the Shares in issue with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, in the 12-month period up to and including the date of grant, are subject to the Shareholders' approval in the general meeting.

The offer of a grant of share options may be accepted by a Participant within 28 days from the date of offer upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the conditional adoption of the Scheme by the sole Shareholder subject to the provisions for early termination under the Scheme.

The subscription price for the Shares under the Scheme shall be a price determined by the Board at its sole discretion and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of the Share.

Subject to the earlier termination of the Scheme in accordance with the Scheme rules, the Scheme will remain effective until 26 April 2021.

Apart from the aforesaid, at no time during the Financial Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and substantial shareholders or any of their close associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS OF THE COMPANY

The Directors of the Company during the Financial Year and up to the date of the Report were:

Executive Directors

Mr. Zou Donghai	*(Chairman)*
Mr. Rong Changjun	*(Vice-Chairman)*
Mr. Zhang Xueming	
Mr. Ho Chun Kit Gregory	
Mr. Chan Lung Ming	
Mr. Zheng Jian Peng	(appointed on 15 December 2015)

Non-Executive Director

Mr. Tse Yee Hin, Tony ("Mr. Tse")	(Mr. Tse tendered his resignation with effect from 30 April 2015 due to his other business engagements which require more of his time and dedication)

Independent Non-Executive Directors

Ms. Eugenia Yang
Mr. Ng Ka Chung
Mr. Lau Sung Tat, Vincent

In accordance with the Article 83(3) of the Company's Articles of Association, Mr. Zheng Jian Peng, shall hold office until the forthcoming annual general meeting of the Company and shall then be eligible for re-election. Mr. Zheng Jian Peng has agreed to offer himself for re-election at the forthcoming annual general meeting of the Company. The appointments are subject to retirement by rotation at least once every three (3) years in accordance with Article 84(1) of the Articles of Association.

In accordance with Article 84 of the Company's Articles of Association, Mr. Ho Chun Kit Gregory and Mr. Chan Lung Ming are Executive Directors, and Mr. Ng Ka Chung is Independent Non-Executive Directors and they were appointed for a term of three years. Mr. Ho Chun Kit Gregory and Mr. Chan Lung Ming will retire by rotation at the 2016 Annual General Meeting and, being eligible, offer themselves for re-election. Mr. Ng Ka Chung will retire by rotation at the 2016 Annual General Meeting, but will not offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2016 Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Financial Year or at any time during the Financial Year.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Please refer to note 13 to the consolidated financial statements on pages 106 to 109 for details of the emoluments of the Directors and the five highest paid individuals of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of Directors are as follows:

Executive Directors

Mr. Zou Donghai, aged 58, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 16 October 2014. Since then, Mr. Zou has been a Chairman and Executive Director of the Company. Mr. Zou has accumulated over 36 years of management and operation experience in the natural gas and petroleum industry, and is particular experienced in the field of vessel liquefied natural gas (LNG) utilization conversion. Since 2011, Mr. Zou has been the chairman of Jiangxi Zhongyou Yingtai Natural Gas Limited Liability Company（江西中油鷹泰天然氣有限責任公司）.

Mr. Rong Changjun, aged 56, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 1 December 2014. Since then, Mr. Rong has been appointed as a Vice Chairman and Executive Director and of the Company. Mr. Rong has attended Lanzhou University and holds a Master Degree in Economic Law. Mr. Rong is a senior professional in the construction industry. He is a Chartered Builder of the Chartered Institute of Building, a National Registered Constructor and a professor-level senior engineer. Mr. Rong has over 36 years of management and operation experience in the construction industry. He was the general manager of China Construction Eighth Engineering Division East China Sea Development and Construction Corporation（中國建築第八工程局東海開發建設公司）and the deputy Director of China Construction Eighth Engineering Division（中國建築第八工程局）. He is currently the chairman of China Construction International Corporation（中國對外建設總公司）.

Mr. Zhang Xueming, aged 64, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 16 October 2014. Since then, Mr. Zhang has been appointed as an Executive Director of the Company. Mr Zhang has attended Zhengzhou University, Xinjiang University and Macau University of Science of Technology, and holds a Master degree. Mr. Zhang was awarded the title of professor-level senior economist（教授級高級經濟師）in the People's Republic of China. Mr. Zhang has over 40 years of management and operation experience in the natural gas and petroleum industry. From 2000 to 2005, Mr. Zhang was the deputy chief economist and the officer of the development and research office of China Petroleum Pipeline Bureau（中石油管道局）. Since 2009, Mr. Zhang has been acting as the deputy Director of China Petroleum Pipeline Bureau（中石油管道局）.

Mr. Ho Chun Kit Gregory, aged 38, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 8 May 2013. Since then, Mr. Ho has been an Executive Director of the Company and also as a director of some subsidiaries. Mr. Ho holds a bachelor degree in business accounting from Monash University of Australia and is a member of the Certified Public Accountants of Australia. Mr. Ho worked for several international accounting and business advisory firms for more than 11 years in providing corporate finance, mergers and acquisition, accounting and tax, corporate restructuring and advisory services to corporate clients, including listed companies. Mr. Ho subsequently set up his own corporate advisory firm. Since April 2014, Mr. Ho has acted as an Independent Non-Executive Director of Sunrise (China) Technology Group Limited (stock code: 8226), a company listed on the Stock Exchange. From January 2012 to April 2014, Mr. Ho was an Executive Director of Seamless Green China (Holdings) Ltd. (stock code: 8150), a company listed on the Stock Exchange. Since 9 February 2015, Mr. Ho has been appointed as an Independent Non-Executive Director of Asia Resources Holdings Limited (stock code: 899).

Mr. Chan Lung Ming, aged 39, has been re-designated from an Independent Non-Executive Director to a Non-Executive Director on 4 July 2014 and further re-designated to an Executive Director on 20 August 2014. Mr. Chan has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 20 August 2014. He holds a Bachelor of Business Administration degree from The Open University of Hong Kong and a Bachelor of Laws degree from The University of London. He has several years of experience in the areas of corporate finance, regulatory and compliance. Mr. Chan is currently a senior executive at a corporation licenced to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Zheng Jian Peng, aged 34, holds a Master of Law in International Economic Law degree from the Chinese University of Hong Kong and a Bachelor of Business Administration degree in Accounting from the Open University of Hong Kong. He is currently studying a Doctorate degree in Business Administration at the Hong Kong Polytechnic University. Mr. Zheng is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Zheng was an executive director of Sing Pao Media Enterprises Limited (Stock Code: 8010) for the period from January 2014 to October 2014 and was an executive director and the chief executive officer of a PRC based property developing company for the period from April 2014 to October 2014. Prior to that, Mr. Zheng was a financial controller of China Fortune Investments (Holding) Limited (formerly known as China Public Healthcare (Holding) Limited) (Stock Code: 8116) for the period from 1 March 2010 to 31 March 2012. Mr. Zheng has auditing experience in two International accounting firms. He was an executive director of Global Strategic Group Limited (Stock Code: 8007) until 3 June 2016.

Independent Non-Executive Directors

Ms. Eugenia Yang, aged 39, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 1 August 2013. Since then, Ms. Yang has been appointed as an Independent Non-Executive Director of the Company. Ms. Yang is a practicing barrister in Hong Kong. She is a member of HKICPA and a member of CPA Australia. She is also a member of Institute of Chartered Accountants in England and Wales (ICAEW). She graduated from The University of Melbourne, Australia with a Bachelor Degree in Commerce, Postgraduate Diploma in Finance and a Masters Degree in Commerce (Finance). She is also a graduate of Monash University, Australia with a Bachelor of Laws Degree. From August 2005 to May 2006, Ms. Yang was an Independent Non-Executive Director of Nority International Group Limited (currently known as Wai Chun Mining Industry Group Co. Ltd. (stock code: 660)), a company listed on the Stock Exchange. Ms. Yang is also an Independent Non-Executive Director of Millennium Pacific Group Holdings Limited (stock code: 8147), a company listed on GEM, since July 2014.

Mr. Ng Ka Chung, aged 59, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 30 August 2013. Since then, Mr. Ng has been appointed as an Independent Non-Executive Director of the Company. Mr. Ng obtained a Bachelor of Science degree from the University of Alberta, Canada and the Postgraduate Certificate in Laws (PCLL) from The University of Hong Kong. Mr. Ng was admitted as a barrister in Hong Kong in 1993 and had served as a court prosecutor and senior court prosecutor at the Legal Department, now known as the Department of Justice. He is currently a practicing barrister with over 20 years of experience in the legal field. Mr. Ng has been serving as an Independent Non-Executive Director of Carnival Group International Holdings Limited (stock code: 996) since 2006, and was an Independent Non-Executive Director of China Billion Resources Limited (stock code: 274) from 7 January 2011 to 27 January 2011. Mr. Ng has also served as an Independent Non-Executive Director of Millennium Pacific Group Holdings Limited (stock code: 8147), a company listed on GEM, since July 2014. Save as disclosed above, Mr. Ng has not held any Directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. He does not have any other positions with the Company or any of its subsidiaries and does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Lau Sung Tat, Vincent, aged 58, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 31 October 2013. Since then, Mr. Lau has been appointed as an Independent Non-Executive Director of the Company. He is a visiting Professor of Accounting and Finance by the Research Institute of Economics of Shenzhen University in Shenzhen, China. His professional qualification includes International Affiliate member of The Hong Kong Institute of Certified Public Accountants, fellow member of Association of Taxation and Management Accountants and Member of the Institute of Public Accountants in Australia, fellow member of Institute of Cost and Executive Accountants in United Kingdom, associate member of the Institute of Financial Accountants in United Kingdom, honorary fellow member of The American Management Institute in United States, fellow member of The American Computer Society and associate member of Montana Society of Certified Public Accountants in United States.

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

Brief biographical details of the senior management are as follows:

Company Secretary

Mr. Wong Ching Wan, aged 49, is a Certified Public Accountant of Australia, Certified Public Accountant of Hong Kong, Chartered Professional Accountant of Canada and fellow member of the Taxation Institute of Hong Kong. He obtained a Bachelor of Business and Administration degree from the Chinese University of Hong Kong in 1989 and a Bachelor of Commerce degree from the University of Southern Queensland in 1992. He also studied in the professional Master of Business Administration course offered by the Troy State University, United States. Mr. Wong was the independent non-executive director of Grand Field Group Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 115) from December 2008 to January 2009. Mr. Wong is currently an independent non-executive director of Huge China Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 428), an independent non-executive director of On Real International Holdings Limited, a company whose shares are listed on the GEM board of the Stock Exchange (stock code: 8245) and a director of Network CN Inc., a company whose shares are traded on OTCQB of the United States of America (stock code: NWCN). Mr. Wong has more than 25 years of experience in auditing, internal control, financial control and capital market.

Chief Financial Officer

Miss Fok, Joyce Sing Yan, aged 35, has been appointed as the Chief Financial Officer of the Company with effect from 1 August 2013. Miss. Fok is a Member of HKICPA. She holds a Master of Science Degree in Financial Management from Middlesex University in the United Kingdom, and a Bachelor Degree with Honours in Business Administration (Accounting) from The Open University of Hong Kong. In addition, she is affiliated to several professional bodies, including The Institute of Crisis and Risk Management – Fellow Member and Vice President (Marketing & Public Relations), Hong Kong Institute of Directors – Fellow Member, and Hong Kong Institute of Human Resource Management – Professional Member. She has over ten years of professional accounting, auditing, and company secretarial experience. Prior to joining the Company, Miss. Fok worked as the Company Secretary and Finance Manager of China Billion Resources Limited, (stock code: 274).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKINGS OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 March 2016, the interest and short position of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

Share options

Name of Directors	Capacity/ Nature of interest	Date of grant	Exercise price	Exercise period of share options	Maximum number of Shares subject to the outstanding options
Mr. Ho Chun Kit Gregory	Beneficial owner/ personal	17 March 2015	HK$0.092	17 March 2015 – 16 March 2025	43,174,000

Save as disclosed above, as at 31 March 2016, none of the Directors or Chief Executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provision of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

Saved as disclosed above, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of the Company or as specified undertakings or other associated corporation.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 31 March 2016, no entities or persons (not being a Director or Chief Executive of the Company) had an interest and short position of 5% or more in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which are required to be disclosed pursuant to section 336 of the SFO.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year.

CHARITABLE DONATIONS

During the Financial Year, the Group made no charitable donations (2015: HK$Nil).

MAJOR SUPPLIERS AND CUSTOMERS

The information in respect of the Group's total purchases and sales attributable to the Group's major suppliers and customers respectively during the Financial Year is as follows:

	Approximate percentage of the Group's total
Purchases	
– the largest supplier	38.7%
– five largest suppliers in aggregate	71.6%
Sales	
– the largest customer	35.2%
– five largest customers in aggregate	64.7%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest suppliers or customers.

CONNECTED TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 March 2016 is set out in note 36 to the consolidated financial statements.

The following transactions between certain connected persons (as defined in the GEM Listing Rules) and the Company have been entered into or are ongoing for which relevant announcement, if necessary, had been made by the company in accordance with Chapter 20 of the GEM Listing Rules.

During the year ended 31 March 2016, the Group has an amount of HK$9,433,000 (2015: Nil) due to Jiangxi Zhongyou Yingtai Natural Gas Limited Liabilities Company ("Zhongyou Yingtai"). Mr. Zou Donghai, the Chairman of the Company, holds more than 30% shareholding in Zhongyou Yingyai. Therefore Zhongyou Yingtai is an associate of Mr. Zou Donghai and the transactions with Zhongyou Yingtai is a connected transaction. The amount is unsecured, interest-free and repayable on demand. As the amount is on normal commercial terms or better to the Group, and it is not secured by the assets of the Group, pursuant to GEM Listing Rule 20.87, this financial assistance received by the Group is exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

Also, on 17 December 2015, Sun Fair Electric Wire & Cable (HK) Company Limited, a subsidiary holding 70% equity interest of Sun Fair Electric Wire & Cable Solutions Limited ("SFS") has entered into a sale and purchase agreement at a consideration of HK$280,000 (the "SFS Disposal") to dispose of the entire equity shares of SFS to Mr. Yeung Ting Hung. During the year ended 31 March 2016, the SFS Disposal has been completed and all the precedent conditions were fulfilled. Mr. Yeung Tin Hung is a director of an intermediate holding company of SFS. As all percentage ratios (other than the profits ratio) are less than 1%, pursuant to GEM Listing Rule 20.74(1)(b), the SFS Disposal is exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

Save as disclosed above, the Directors are of the view that no related party transaction is a connected transaction under Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of the Report, the Directors believe that the number of securities of the Company which are on the hands of the public is above the relevant prescribed minimum percentage under the GEM Listing Rules.

COMPETING BUSINESS

Neither of the Directors and the controlling Shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Financial Year.

EMOLUMENTS POLICY

The emolument policy for the employee of the Group is set up by the management on the basis of their merit, qualifications and competence.

Under the emolument policy, some Directors are provided with long term incentive scheme, including but not limited to share options. The basis of determining the emolument payable to Directors is subject to the decision of the Remuneration Committee of the Company.

The emoluments of the Directors for the Financial Year are decided by the Board, having regard to the Group's operating results, their duties and responsibilities of the Group, individual performance and comparable market statistics, and have been reviewed by the Remuneration Committee of the Company during the Financial Year.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 43 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

At no time during the Financial Year and up to the date of this Directors' Report, there was or is, any permitted indemnity provisions being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

MATERIAL LEGAL PROCEEDINGS

As at 31 March 2016, the Company was not involved in any material litigation or arbitration and no material litigation or arbitration were pending or threatened or made against the Company so far as the Company is aware.

AUDITOR

RSM Nelson Wheeler was appointed as auditors of the Company from 16 October 2013 to 17 November 2014. The consolidated financial statements of the Financial Year have been audited by Elite Partners CPA Limited, who is appointed as auditors of the Company on 17 November 2014 and will retire and, being eligible, offer themselves for re-appointment in the 2016 annual general meeting.

On behalf of the Board

Zou Donghai
Chairman
Hong Kong, 17 June 2016

Corporate Governance Report

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the Financial Year. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

CG Code provision E.1.2 requires the chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll. The Chairman was obliged to be away for his business matters and for negotiating with potential business partners. The chairman of the board should attend the annual general meeting. The Chairman also invite the chairmen of the audit, remuneration, nomination committees to attend. The Chairman was obliged to be away for his business matters and for negotiating with potential business partners. In his absence, he has appointed and authorized an Executive Director, Mr. Ho Chun Kit Gregory, to act on behalf on himself at the annual general meeting and extraordinary general meeting. The Executive Director should be available to answer questions at the annual general meeting and extraordinary general meeting. The external auditor attended the annual general meeting and extraordinary general meeting to answer questions.

During the Financial Year, the Company had complied with the code provisions in the CG Code with the exception of the CG Code provisions A.2.1 and A.6.7. The CG Code provision A.2.1 stipulates that the roles of the chairman of the Board of Directors (the"Chairman") and the Chief Executive Officer (the"CEO") should be separate and should not be performed by the same individual. In compliance with the CG Code Rule A.2.1, the Group separated the roles of Chairman and CEO since the appointment of Mr. Zou Donghai as the Chairman and an Executive Director on 16 October 2014. The Board considered that it was important for the Chairman to have extensive experience in the field of vessel liquefied natural gas utilization conversion, which is the newly developed and important business sector of the Group, in order to manage such new business and hence spent about three months' time to identify such appropriate person.

CG Code provision A.6.7 requires that Independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. One Independent Non-Executive Directors attended Annual General Meeting. The other Directors were obliged to be away for their business matters and for negotiating with potential business partners.

BOARD OF DIRECTORS

Board responsibilities and Delegation

The Company is governed by the Board, which is responsible for overseeing the overall strategy and development of the Company, as well as continuously monitoring and improving the internal control policies of the Group and evaluating the financial performance of the Group. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the Shareholders' value. The Independent Non-Executive Directors serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings. They are also serving on the Audit Committee, Remuneration Committee and Nomination Committee.

The Board has adopted a set of guidelines on matters that require its approval to achieve a clear division of the responsibilities of the Board and the management. Matters requiring the Board's approval include, among others, review of overall policies and objectives for corporate contributions and approval of corporate plan of the Company and any significant changes thereto, investment plans which would involve significant commitments of financial, technological or human resources, or would involve significant risks for the Company, significant sales, transfers, or other dispositions of property or assets, significant changes in policies of broad application, major organizational changes, approval of annual reports, and review of semi-annual and quarterly financial and operating results, other matters relating to the Company's business which in the judgment of the Chief Executive Officer are of such significance as to merit the Board's consideration, and adoption of such policies and the taking of such other actions as the Board deems to be in the best interests of the Company.

Minutes of Board meetings and Board committees meetings are kept by duly appointed secretaries of the respective meetings. All Directors have unrestricted access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

The Company has arranged appropriate insurance cover in respect of possible legal actions against its Directors and senior officers.

Board Composition

The Board currently comprises six Executive Directors and three Independent Non-Executive Directors. During the Financial Year, the Board held fifty meetings. The attendance of individual Directors at Board Meetings (BM), Audit Committee Meeting (ACM), Nomination Committee Meeting (NCM), Remuneration Committee Meeting (RCM), Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) are set out as follows:

Name		Attended/Eligible to Attend					
		BM	ACM	NCM	RCM	AGM 30 Jul 2015	EGM 22 Oct 2015
Executive Directors							
Mr. Zou Donghai	*(Chairman)*	9/50	–	–	–	0/1	0/1
Mr. Rong Changjun	*(Vice Chairman)*	3/50	–	–	–	0/1	0/1
Mr. Zhang Xueming		3/50	–	–	–	0/1	0/1
Mr. Ho Chun Kit Gregory		50/50	–	–	–	1/1	1/1
Mr. Chan Lung Ming		42/50	–	1/1	1/1	0/1	0/1
Mr. Zheng Jian Peng	(appointed on 15 December 2015)	13/16	–	–	–	–	–
Non-Executive Director							
Mr. Tse Yee Hin, Tony	(resigned on 30 April 2015)	0/6	–	–	–	–	–
Independent Non-Executive Directors							
Ms. Eugenia Yang		41/50	5/5	1/1	1/1	0/1	0/1
Mr. Ng Ka Chung		37/50	4/5	–	–	0/1	0/1
Mr. Lau Sung Tat, Vincent		46/50	5/5	1/1	1/1	1/1	0/1

In compliance with Rules 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed a sufficient number of Independent Non-Executive Directors with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The Company has received an annual confirmation from each Independent Non-Executive Director confirming his independence pursuant to rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-Executive Directors to be independent. The Independent Non-Executive Directors and Executive Directors ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards, rules and regulations, and that appropriate systems are in place to protect the interests of the Company and its Shareholders.

The term of appointment of each Independent Non-Executive Director is three years, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

CG Code provision A.6.7 requires that Independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. One Independent Non-Executive Directors attended Annual General Meeting. The other Directors were obliged to be away for their business matters and for negotiating with potential business partners.

The biographical details of the Directors are set out in the section "Biographical Details of Directors" in the Report of the Directors. To the best knowledge of the Company, there are no financial, business, family or other material/relevant relationships between the Board members.

The Board has maintained a balance of skills and experiences appropriate for the requirements of the businesses of the Group. Its composition represents a mixture of management, accounts and finance, marketing, manufacturing and procurement with comprehensive experience in and exposure to diversified businesses. It is the opinion of the Directors that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interest of the Company.

BOARD COMPOSITION AND DIVERSITY POLICY

The Company has adopted the board diversity policy. The policy sets out the approach to achieve diversity in the Board that should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business and compliance with policies. The composition and diversity policies of the Board is reviewed annually and regularly. The Board should ensure that its changes in composition will not result in any undue interference. The Board members should possess appropriate professionalism, experience and trustworthiness in performing duties and functions. The Board would diversify its members according to the Company's situations and need. While participating in nomination and recommendation of director candidates during the year, each member of the Board may consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience in achieving diversity for the benefit of the Company's various business development and management. The Board is to review the policy concerning diversity of Board members, and to disclose the policy or a summary of the policy in the corporate governance report, including any quantitative targets and standards and its progress with policy implementation.

During the year of 2016, the Board has reviewed the diversity of the Board and considered the Board composition and diversity policy appropriate.

CHAIRMAN AND CHIEF EXECUTIVES

The CG Code provision A.2.1 stipulates that the roles of the chairman of the Board of Directors (the "Chairman") and the Chief Executive Officer (the "CEO") should be separate and should not be performed by the same individual. In compliance with the CG Code Rule A.2.1, the Group separated the roles of Chairman and CEO since the appointment of Mr. Zou Donghai as the Chairman and an Executive Director on 16 October 2014. The Board considered that it was important for the Chairman to have extensive experience in the field of vessel liquefied natural gas utilization conversion, which is the newly developed and important business sector of the Group, in order to manage such new business and hence spent about three months' time to identify such appropriate person.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standards of Dealings"). The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Required Standards of Dealings during the Financial Year.

COMMITTEES

As part of the corporate governance practices, the Board has established the Remuneration Committee, Nomination Committee and Audit Committee. The compositions of all the committees are set out below. The terms of reference of all committees are established in accordance with the principles set out in the CG Code.

REMUNERATION COMMITTEE

The Company established a Remuneration committee on 27 April 2011 with written terms of reference. The Remuneration Committee currently comprises one Executive Director, namely Mr. Chan Lung Ming, and two Independent Non-Executive Directors, namely Mr. Lau Sung Tat, Vincent (Chairman) and Ms. Eugenia Yang.

The primary duties of the Remuneration Committee are formulating remuneration policies, determining specific remuneration packages of the Executive Directors and senior management, making recommendations to the Board on the remuneration of all Directors, and to review and approve the management's remuneration with reference to the Board's Corporate goals and objective.

During the Financial Year, the Remuneration Committee held one meetings to determine the remunerations and benefits of the existing and newly appointed Directors.

Name	Attended/ eligible to attend
Mr. Lau Sung Tat, Vincent *(Chairman)*	1/1
Mr. Chan Lung Ming	1/1
Ms. Eugenia Yang	1/1

NOMINATION COMMITTEE

The Company established a Nomination Committee on 27 April 2011 with written terms of reference. The Nomination Committee currently comprises one Executive Director, namely Mr. Chan Lung Ming (Chairman until 10 November 2015) and two Independent Non-Executive Directors, namely Mr. Lau Sung Tat, Vincent and Ms. Eugenia Yang (Chairlady from 10 November 2015).

Mr. Chan Lung Ming ceased to be the chairman of Nomination Committee of the Company with effect from 10 November 2015 and Mr. Chan will remain as a member of the Nomination Committee. Ms. Eugenia Yang was re-designed from a member of the Nomination Committee to the Chairlady of the Nomination Committee from 10 November 2015). Further details of the Change of chairman of the Nomination Committee are set out in the Company's announcement dated 10 November 2015.

The primary duties of the Nomination Committee are reviewing the structure, size and composition of the Board, formulating relevant procedures for nomination of Directors, identifying qualified individuals to become members of the Board and making recommendations to the Board on the appointment or re-appointment of Directors.

During the Financial Year, the Nomination Committee held one meetings for nomination of new Directors and re-designation of Directors.

Name	Attended/ eligible to attend
Ms. Eugenia Yang *(Chairlady from 10 November 2015)*	1/1
Mr. Chan Lung Ming *(Chairman until 10 November 2015)*	1/1
Mr. Lau Sung Tat, Vincent	1/1

AUDIT COMMITTEE

The Company established an Audit Committee on 27 April 2011 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee comprises all the three Independent Non-Executive Directors, namely Mr. Lau Sung Tat, Vincent (Chairman), Ms. Eugenia Yang and Mr. Ng Ka Chung.

To comply with the amendment to the risk management and internal control section of the Corporate Governance Code and Corporate Governance Report of the GEM Board Listing Rules (Appendix 15) (the "Amended CG Code") of the Hong Kong Exchange, which comes into effect for the accounting periods beginning on or after 1 January 2016. The Terms of Audit Committee has been amended on 5 January 2016. Further details of the Terms of Reference of the Audit Committee are set out In the Company's announcement dated 5 January 2016.

The Audit Committee has reviewed the annual, half-year and quarterly results of the Group for the Financial Year. The Audit Committee considered that the relevant consolidated financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been properly made.

The primary duties of the Audit Committee are to review the internal control policies annually, the financial reporting systems and procedures of the Group, to review consolidated financial statements and reports of the Group, and to review the terms of engagement and scope of audit work of the external auditors.

The Audit Committee, from time to time, will also interviews with the Chairman and CEO and Executive Directors for the effectiveness of internal controls and any potential enhancement to the internal control policies because of changes in rules and regulations as well as new developments in existing and new businesses.

During the Financial Year, the Audit Committee held five meetings. Individual attendance of each member at the Audit Committee meetings held during the Financial Year is as follows:

Name	Attended/ eligible to attend
Mr. Lau Sung Tat, Vincent *(Chairman)*	5/5
Ms. Eugenia Yang	5/5
Mr. Ng Ka Chung	4/5

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of accounts for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the Financial Year, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable. As at 31 March 2016, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern, and accordingly prepared the accounts on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

EXTERNAL AUDITORS AND THEIR REMUNERATION

The Company has nominated Elite Partners CPA Limited ("Elite Partners") as the auditor of the Group with effect from 17 November 2014 until the conclusion of the forthcoming annual general meeting of the Company. The consolidated financial statements for the Financial Year have been audited by Elite Partners.

The statement of Elite Partners in respect of their reporting responsibilities on the consolidated financial statements for the Financial Year is set out in the Independent Auditor's Report included in the Report.

During the Financial Year, remuneration paid and payable to the external auditors of the Group are approximately HK$770,000 and approximately HK$180,000 for the audit and other professional services respectively.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective internal control system in order to safeguard the interests of the Shareholders and the assets of the Group against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Audit Committee reviewed the overall effectiveness of the internal control system and reported its findings and made recommendations to the Board. The Directors have conducted a review of the effectiveness of the Group's internal control system for the Financial Year. The Board would continue to assess the effectiveness of internal controls by considering the reviews performed by the Audit Committee and executive management.

RISK MANAGEMENT

The Company improves its business and operational activities through a regular review and taking appropriate measures to control and mitigate these risks.

COMPANY SECRETARY

The Company Secretary of the Company assists the Board by ensuring good information flow within the Board and the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters. In compliance with Rule 5.15 of the GEM Listing Rules, the Company Secretary of the Company has taken no less than 15 hours of relevant professional training during the Financial Year.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the Financial Year, all Directors have participated in continuous professional development by attending training provided by a corporate secretarial company in relation to Anti-Money Laundering, Directors' Role & Responsibilities for Listed Company, Preparing a ESG Report which Meets International and Local Standards or reading the relevant materials to develop and refresh their knowledge and skills, particulars of which are as follows:

			Attending the seminars provided by the Company		
		Reading materials provided by the Company	Topic on Anti-Money Laundering	Topic on Directors' Role & Responsibilities for Listed Company	Preparing a ESG Report which Meets International and Local Standard
Executive Directors					
Mr. Zou Donghai	*(Chairman)*	✓	✓	–	–
Mr. Rong Changjun	*(Vice-Chairman)*	✓	–	–	–
Mr. Zhang Xueming		✓	–	–	–
Mr. Ho Chun Kit Gregory		✓	–	–	–
Mr. Chan Lung Ming		✓	–	–	–
Mr. Zheng Jian Peng	(appointed on 15 December 2015)	✓	✓	–	–
Non-Executive Director					
Mr. Tse Yee Hin, Tony	(resigned on 30 April 2015)	✓	–	–	–
Independent Non-Executive Directors					
Ms. Eugenia Yang		✓	✓	✓	✓
Mr. Ng Ka Chung		✓	✓	–	–
Mr. Lau Sung Tat, Vincent		✓	✓	–	–

董事 HKIoD 持續進修 2016 Director CPD+

CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

(e) to communicate with various level of staff to ascertain the implementation of policies and procedures on corporate governance; and

(f) to review the Company's compliance with the code and disclosure on the Corporate Governance Report.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Apart from sending email to info@chinaoilgangran.com, shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Suites 707-709, 7/F., Prudential Tower, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, by post or by fax to (852) 2154 1139, for the attention of the Company Secretary.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, Shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out below.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and timely manner by the Board is to facilitate the Shareholders as well as the investors to have a better understanding in relation to the business performance, operations and strategies of the Group.

The corporate websites of the Company (http://www.chinaoilgangran.com and http://chinaoilgangran.todayir.com) allow the Company's potential and existing investors as well as the public to assess and to acquire the up-to-date company and financial information.

Shareholders are provided with contact details of the Company, such as telephone number, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in the Report and on the Company's website.

The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior management of the Group are made available at the meetings to answer any questions raised by the Shareholders.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Further, pursuant to the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Shareholders may send written enquiries to the principal place of business of the Company in Hong Kong for putting forward any enquiries or proposals to the Board.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the principal place of business of the Company in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

On 27 October 2015, the Company has adopted the new set of the Memorandum and Articles of Association. An updated version in English and Chinese of the Memorandum and Articles of Association are available on websites of the Company and HKEx.

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

TO THE MEMBERS OF CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Oil Gangran Energy Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 143, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 17 June 2016

Yip Kai Yin
Practising Certificate Number: P05131

10/F., 8 Observatory Road,
Tsin Sha Tsui, Kowloon,
Hong Kong

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	*7*	**194,790**	79,627
Cost of sales		**(175,033)**	(63,496)
Gross profit		**19,757**	16,131
Other income and gain or (loss)	*8*	**(14,495)**	46,300
Selling expenses		**(8,543)**	(25,624)
Administrative expenses		**(109,725)**	(245,221)
Loss from operations		**(113,006)**	(208,414)
Gain on disposal of subsidiaries		**2,113**	–
Finance costs	*10*	**(10,786)**	(16,913)
Loss before tax		**(121,679)**	(225,327)
Income tax	*11*	**9,514**	5,538
Loss for the year	*12*	**(112,165)**	(219,789)
Other comprehensive expenses, after tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**1,211**	(237)
Fair value change of available-for-sale investments		**(1,457)**	–
Other comprehensive expenses for the year, net of tax		**(246)**	(237)
Total comprehensive expenses for the year		**(121,411)**	(220,026)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(109,552)**	(217,075)
Non-controlling interests		**(2,613)**	(2,714)
		(112,165)	(219,789)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(118,792)**	(217,086)
Non-controlling interests		**(2,619)**	(2,940)
		(121,411)	(220,026)
Loss per share		**HK$ cents**	HK$ cents
Basic	*14*	**(1.19)**	(2.68)
Diluted	*14*	**N/A**	N/A

Consolidated Statement of Financial Position

At 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**22,522**	23,340
Available-for-sale investments	*17*	**2,418**	–
Goodwill	*18*	**81,113**	91,490
Intangible assets	*19*	**30,300**	68,625
Deposit paid for acquisition of a subsidiary	*20*	**32,500**	47,000
		168,853	230,455
Current assets			
Inventories	*21*	**22,451**	8,284
Trade and other receivables	*22*	**152,234**	59,012
Loan receivables	*23*	**9,600**	–
Due from a Director	*24*	**12,570**	–
Contingent consideration receivables	*25*	**22,000**	42,000
Derivative components of convertible bonds	*30*	**–**	10,160
Bank and cash balances		**38,169**	100,035
		257,024	219,491
Current liabilities			
Trade and other payables	*26*	**75,852**	29,717
Obligation under finance lease	*27*	**1,247**	1,181
Due to a Director	*28*	**–**	582
Due to a related party	*28*	**9,433**	–
Promissory notes	*29*	**46,287**	31,687
Convertible bonds	*30*	**–**	13,315
Borrowings	*31*	**12,089**	2,364
Current tax liabilities		**6,037**	6,013
		150,945	84,859
Net current assets		**106,079**	134,632
Total assets less current liabilities		**274,932**	365,087

Consolidated Statement of Financial Position

At 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Obligation under finance lease	27	**1,204**	2,451
Promissory notes	29	**49,181**	82,063
Deferred tax liabilities	32	**8,549**	18,130
		58,934	102,644
NET ASSETS		**215,998**	262,443
Capital and reserves			
Share capital	33	**1,005**	877
Reserves		**220,625**	264,579
Equity attributable to owners of the Company		**221,630**	265,456
Non-controlling interests		**(5,632)**	(3,013)
TOTAL EQUITY		**215,998**	262,443

Approved and authorised for issue by the Board of Directors on 17 June 2016.

Zou Donghai
Chairman and Executive Director

Ho Chun Kit Gregory
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Foreign currency translation reserve HK$'000	Share-based capital reserve HK$'000	Convertible bonds equity reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2014	726	147,590	3,225	–	294	46,448	85,831	(61,600)	222,514	(73)	222,441
Total comprehensive income for the year	–	–	–	–	(10)	–	–	(217,076)	(217,086)	(2,940)	(220,026)
Placing of shares	145	141,500	–	–	–	–	–	–	141,645	–	141,645
Recognition of equity-settled share-based payments	–	–	–	–	–	71,377	–	–	71,377	–	71,377
Exercise of share option	6	6,210	–	–	–	(3,695)	–	3,695	6,216	–	6,216
Share option lapsed	–	–	–	–	–	(31,973)	–	31,973	–	–	–
Isuance of convertible bonds	–	–	–	–	–	–	40,790	–	40,790	–	40,790
Transfers	–	–	157	–	–	–	–	(157)	–	–	–
At 31 March 2015 and 1 April 2015	**877**	**295,300**	**3,382**	**–**	**284**	**82,157**	**126,621**	**(243,165)**	**265,456**	**(3,013)**	**262,443**
Total comprehensive income for the year	**–**	**–**	**–**	**(1,457)**	**(4,743)**	**–**	**–**	**(109,552)**	**(115,752)**	**(2,619)**	**(118,371)**
Placing of shares	**24**	**24,420**	**–**	**–**	**–**	**–**	**–**	**–**	**24,444**	**–**	**24,444**
Share option exerise	**56**	**81,496**	**–**	**–**	**–**	**(30,107)**	**–**	**–**	**51,445**	**–**	**51,445**
Issue of new sharess upon conversion of convertible bonds	**48**	**122,610**	**–**	**–**	**–**	**–**	**(126,621)**	**–**	**(3,963)**	**–**	**(3,963)**
Trasfers	**–**	**–**	**240**	**–**	**–**	**–**	**–**	**(240)**	**–**	**–**	**–**
At 31 March 2016	**1,005**	**523,826**	**3,622**	**(1,457)**	**(4,459)**	**52,050**	**–**	**(352,957)**	**221,630**	**(5,632)**	**215,998**

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
Cash flows from operating activities		
Loss before tax	**(121,679)**	(225,327)
Adjustments for:		
Depreciation of property, plant and equipment	**10,060**	7,409
Amortisation of intangible assets	**23,528**	23,528
(Gain)/loss on disposal of property, plant and equipment	**(2,998)**	50
Gain on disposal of subsidiaries	**(2,113)**	–
Reversal of provision of doubtful debts	**(4,217)**	–
Allowance on inventories	**6,718**	5,969
Impairment loss on intangible asset	**14,797**	–
Impairment loss on goodwill	**10,377**	–
Impairment loss on property, plant and equipment	**1,945**	–
Provision of doubtful debts	**2,738**	6,067
Provision of prepayments, deposits and other receivables	**–**	25,983
Equity-settled share-based payments	**–**	71,376
Imputed interest income arising from issuance of promissory notes	**(1,134)**	(6,468)
(Gain)/loss on early redemption of promissory notes	**(296)**	982
Fair value loss on derivative components of convertible bonds	**–**	21,806
Fair value gain on contingent consideration receivables	**–**	(37,331)
Finance costs	**10,438**	16,558
Interest income	**(150)**	(561)
Operating loss before working capital changes	**(51,986)**	(89,959)
(Increase)/decrease in inventories	**(20,885)**	138
Increase in trade and other receivables	**(78,885)**	(47,455)
Increase/(decrease) in trade and other payables	**50,054**	(3,253)
Increase in amount due from Directors	**(13,152)**	(329)
Increase/(decrease) in amount due to a shareholder	**(5,065)**	1,319
Increase in amount due to a related party	**9,433**	–
Cash used in operations	**(110,486)**	(139,539)
Income tax paid	**(43)**	–
Interest paid	**(13,697)**	(7,638)
Net cash used in operating activities	**(124,226)**	(147,177)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
Cash flows from investing activities		
Net cash inflow from disposal of subsidiaries	**1,478**	–
Deposit paid for acquisition of a subsidiary	**–**	(32,000)
Purchase of property, plant and equipment	**(12,703)**	(4,469)
Proceeds from disposals of property, plant and equipment	**3,822**	24
Deposit for acquisition of a subsidiary	**(500)**	–
Investment in available for sale investment	**(3,875)**	–
Interest received	**150**	561
Net cash inflow from contingent consideration receivables	**20,000**	–
Increase in loan receivables	**(9,600)**	–
Net cash used in investing activities	**(1,228)**	(35,884)
Cash flows from financing activities		
Proceeds from borrowings	**9,980**	2,570
Repayments of borrowings	**(255)**	(4,650)
Proceeds from issue of shares	**24,444**	147,861
Proceeds from issue of convertible bonds	**–**	42,273
Net cash inflow from exercised share option scheme	**51,445**	–
Proceeds from issue of promissory notes	**21,000**	74,900
Repayment of promissory notes	**(39,130)**	(69,403)
Repayment of finance lease	**(1,181)**	(1,368)
Net cash generated from investing activities	**66,303**	192,183
Net (decrease)/increase in cash and cash equivalents	**(59,151)**	9,122
Effect of foreign exchange rate changes	**(2,715)**	(243)
Cash and cash equivalents at beginning of year	**100,035**	91,156
Cash and cash equivalents at end of year	**38,169**	100,035
Analysis of cash and cash equivalents		
Bank and cash balances	**38,169**	100,035

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Suites 707-9, 7th Floor, Prudential Tower, The Gateway, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 42 to these consolidated financial statements.

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

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Company. The following paragraph provides information on initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these consolidated financial statements.

2.1 Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following HKFRSs:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The initial application of these financial reporting standards does not necessitate material changes in the Group's accounting policies.

2.2 Hong Kong Financial Reporting Standards in issue but not yet effective

The following HKFRSs in issue at 31 March 2016 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2015.

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 Hong Kong Financial Reporting Standards in issue but not yet effective (Continued)

Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statement[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revision version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

– All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Under HKFRS 9, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may take an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 Hong Kong Financial Reporting Standards in issue but not yet effective (Continued)

***HKFRS 9 Financial Instruments** (Continued)*

– With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.

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

– The new general hedge accounting requirements retain the three types on hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge accounting. In additions, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 Hong Kong Financial Reporting Standards in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

2.2 Hong Kong Financial Reporting Standards in issue but not yet effective (Continued)

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors of the Company will assess the impact of the application of HKFRS 16. At the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance ("CO"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Group for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the GEM Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the financial statements for the financial year ended 31 March 2016 have been change to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or GEM Listing Rules but not under the new CO or amended GEM Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified as available-for-sale investment which is measured at fair value, as explained in accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in the HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included with Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (x) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combinations and goodwill (Continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent liabilities and Contingent assets, as appropriate, with the corresponding gain or loss being recognised in consolidated profit or loss.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in consolidated profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in consolidated profit or loss, any exchange component of that gain or loss is recognised in consolidated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates appropriate to write off their cost over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land	Unexpired term of land lease
Buildings	Shorter of the unexpired term of land lease and 40 years
Leasehold improvements	4 to 5 years
Moulding and equipment	5 years
Motor vehicles	4 to 5 years
Furniture and office equipment	4 to 5 years

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in consolidated profit or loss.

(e) Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value on the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the relevant intangible assets, which is calculated as the difference between the net disposal proceeds and the carrying value of the net asset is recognised in consolidated profit and loss in the period when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in the consolidated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Recognition and derecognition of financial instruments (Continued)

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the consolidated profit or loss.

(i) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in consolidated profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are reclassified to other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in consolidated profit or loss. Interest calculated using the effective interest method is recognised in consolidated profit or loss.

Impairment losses recognised in consolidated profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in consolidated profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in consolidated profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the consolidated profit or loss.

Impairment losses are reversed in subsequent periods and recognised in the consolidated profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Promissory notes

Promissory notes are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

(o) Convertible bonds

Convertible bonds which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments and consist of a liability and an equity component. At the date of issue, the fair value of derivative components, if any, are determined using an Binomial Option Pricing Model; and the fair value of the liability component is determined at the present value of future interest payments discounted at the prevailing market interest rate of similar debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability and derivative components, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as convertible bonds equity reserve. The derivative components are measured at fair value and the liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the derivatives, liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

(p) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of goods is recognised when products have been delivered to the Group's customer. Delivery does not occur until the products have been transported to the specified location, the risks of obsolescence and loss have been transferred to the customer, regardless of whether the customer has accepted the products in accordance with the sales invoice, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance have been satisfied.

Income from mobile commerce is recognised when services as rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave, wedding leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefits scheme cost charged to consolidated profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Share-based payments

The Group issues equity-settled share-based payments to certain Directors, employees and consultants.

Equity-settled share-based payments to Directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in previous years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personal services to the Group or to the parent of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, inventories, investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(y) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised, The outcome of their actual utilisation may be different.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the impairment loss are disclosed in note 18 to financial statements.

(d) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(e) Allowance for slow-moving inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items.

(f) Intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(g) Impairment of intangible assets

The Group tests whether intangible assets which have finite useful lives have suffered any impairment whenever there is any indication that the assets have been impaired. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates. In determining the value-in-use, expected cash flows generated from the use of the contractual rights are discounted to their present value, which requires significant judgement relating to the level of volume of game console being sold, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Had the actual results been different from the management's estimate, such difference will impact the carrying value of intangible assets in the year in which such determination is made.

(h) Fair value of certain assets and liabilities involve valuation techniques

The fair value of contingent consideration receivables and derivative components of convertible bonds as set out in note 25 and note 30 to the consolidated financial statements respectively involve valuation techniques. When applying valuation techniques, various assumptions and generally accepted methodologies were used to derive the fair values. Any changes in these assumptions can significantly affect the estimate of the fair value of the underlying assets and liabilities.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, credit risk, price risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Interest rate risk

The Group does not have material exposure in interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rate except for bank deposits.

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Interest rate risk (Continued)

The Directors consider that interest rate risk of the Group for the years ended 31 March 2016 and 2015 are insignificant and therefore no sensitivity analysis is presented thereon.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the date of the reporting period to the contractual maturity date of the Group's non-derivative financial liabilities, which are based on contracted undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the year end date and the earliest date the Group can be required to pay):

Specifically, for term loan which contains a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period which the entity can be required to pay, that is if the lender was to exercise its unconditional rights to call the loan with immediate effect.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 March 2016					
Trade and other payables	**75,852**	**–**	**–**	**–**	**75,852**
Promissory notes	**–**	**34,504**	**20,950**	**53,460**	**108,914**
Obligation under finance lease	**1,350**	**1,350**	**–**	**–**	**2,700**
Amount due to a related party	**9,433**	**–**	**–**	**–**	**9,433**
Borrowings	**12,089**	**–**	**–**	**–**	**12,089**
	98,724	**35,854**	**20,950**	**53,460**	**208,988**
At 31 March 2015					
Trade and other payables	29,717	–	–	–	29,717
Due to a Director	582	–	–	–	582
Obligation under finance lease	1,350	2,588	–	–	3,938
Promissory notes	39,130	–	31,200	39,500	109,830
Convertible bonds	122,688	–	–	–	122,688
Borrowings	2,364	–	–	–	2,364
	195,831	2,588	31,200	39,500	269,119

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

The carrying amount of the bank and cash balances and trade and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

As at 31 March 2016, approximately 64% (2015: 84%) of the Group's trade receivables were due from the five largest customers which were within power and data cords business segment during the years ended 31 March 2016 and 2015. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables. There was no history of default for the Group's five largest customers.

The Group has no significant concentrations of credit risks on other receivables and loan receivables. The credit quality of the counterparties in respect of other receivables and loan receivables were assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, the Directors are of the opinion that the risk of default by these counterparties is low.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(d) Price risk

The Group's derivative components of convertible bonds were measured at fair value at the end of each reporting period. During the year ended 31 March 2016, all the convertible bonds were converted into shares and there was no outstanding convertible bonds as at 31 March 2016.

The Group is exposed to equity price risk through its investment in listed equity securities outside Hong Kong which are classified as available-for-sale investments. The management will consider hedging the risk exposure should the need arise. The Group is not exposed to commodity price risk.

At 31 March 2016, if equity prices had increased/(decreased) by 10% and all other variables were held constant, the Group's investment revaluation reserve (i.e. equity) would increase/(decrease) by approximately HK$242,000 (2015: Nil) as a result of the changes in fair value of listed equity investments included in the Group's available-for-sale investments.

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Directors consider that foreign currency risk of the Company for the years ended 31 March 2016 and 2015 are insignificant and therefore no sensitivity analysis is presented thereon.

(f) Categories of financial instruments at 31 March

	2016	2015
	HK$'000	HK$'000
Financial assets:		
Available-for-sale investments	**2,418**	–
Contingent consideration receivables	**22,000**	42,000
Derivative components of convertible bonds	**–**	10,160
Loans and receivables (including cash and cash equivalents)	**197,573**	159,819
Financial liabilities:		
Financial liabilities at amortised cost	**195,294**	161,934

(g) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy

As at 31 March 2016

	Level 1 HK$'000
Description	
Recurring fair value measurements:	
Available-for-sale investments	**2,418**
Total recurring fair value measurements	**2,418**

As at 31 March 2015

	Level 3 HK$'000
Description	
Recurring fair value measurements:	
Derivative components of convertible bonds	10,160
Total recurring fair value measurements	10,160

6. FAIR VALUE MEASUREMENT (Continued)

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Derivative components of convertible bonds
	HK$'000
At 1 April 2015	10,160
Settled	(10,160)
At 31 March 2016	–

Description	Derivative components of convertible bonds
	HK$'000
At 1 April 2014	26,683
Total gains or losses recognised in consolidated profit or loss (#)	(16,523)
At 31 March 2015	10,160
(#) Include gains or losses for financial assets held at end of reporting period	(16,523)

The total fair value gains or losses recognised in consolidated profit or loss including those for assets held at end of reporting period are presented in other income and administrative expenses respectively in the consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2016:

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

7. REVENUE

The Group's revenue represented the following:

	2016 HK$'000	2015 HK$'000
Sales of refined oil and chemicals	124,788	–
Sales of power and data cords and inlet sockets	70,002	78,627
Share of income from mobile commerce	–	1,000
	194,790	79,627

8. OTHER INCOME AND GAIN OR (LOSS)

	2016 HK$'000	2015 HK$'000
Interest income	206	561
Imputed interest income arising from issuance of promissory notes	1,134	6,468
Exchange gain	3,419	246
Fair value gain on convertible bonds' derivative components	–	1,429
Gain on disposal of property, plant and equipment	2,998	–
Reversal of provision of doubtful debts	4,217	–
Gain on early redemption of promissory notes	296	–
Fair value gain on contingent consideration receivables	–	37,331
Impairment loss on property, plant and equipment	(1,945)	–
Impairment loss on goodwill	(10,377)	–
Impairment loss on intangible assets	(14,796)	–
Sundry income	353	265
	(14,495)	46,300

9. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The Directors is the CODM for the purposes of HKFRS 8 as it collectively makes strategic decisions in allocating the Group's resources and assessing performance.

For the segment reporting purpose to the CODM, the Group is currently organised into the following three operating and reportable segments:

1. Trading of refined oil and chemicals – engaged in trading of refined oil and chemicals

2. Digital application business – engaged in activities relating to the provision of programming services, web services, mobile marketing solutions and development of mobile phone games.

3. Power and data cords business – engaged in sales and manufacture of power cords and inlet sockets for household electric appliances and power and data cords for mobile handsets and medical control devices and raw cables.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

9. SEGMENT INFORMATION (Continued)

Segment profit or loss do not include the following items:

- Other income and gain or loss
- Corporate expenses
- Gain on disposal of subsidiaries
- Finance costs

Segment assets do not include the following items:

- Derivative components of convertible bonds
- Available-for-sale financial assets
- Financial assets at fair value through profit or loss
- Other corporate assets

Segment liabilities do not include the following items:

- Promissory notes
- Convertible bonds
- Borrowings
- Other corporate liabilities

9. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities:

	Trading of refined oil and chemicals HK$'000	Digital application business HK$'000	Power and data cords business HK$'000	Total HK$'000
Year ended 31 March 2016				
Revenue from external customers	124,788	–	70,002	194,790
Segment loss	(6,323)	(16,812)	(9,585)	(32,720)
Interest revenue	150	–	202	352
Interest expenses	–	–	286	286
Depreciation and amortisation	345	23,761	8,000	32,106
Other material item of income and expense:				
Income tax (credit)/debit	–	(9,581)	67	(9,514)
Other material non-cash item:				
Impairment losses on goodwill	–	10,377	–	10,377
Impairment losses on property, plant and equipment	–	–	1,945	1,945
Impairment losses on intangible assets	–	14,796	–	14,796
Additions to segment non-current assets	–	3	15,445	15,448
At 31 March 2016				
Segment assets	110,265	133,556	98,879	342,700
Segment liabilities	14,622	15,828	63,593	94,043

9. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities: (Continued)

	Trading of refined oil and chemicals HK$'000	Digital application business HK$'000	Power and data cords business HK$'000	Total HK$'000
Year ended 31 March 2015				
Revenue from external customers	–	1,000	78,627	79,627
Segment loss	(9,811)	(31,759)	(13,698)	(55,268)
Interest revenue	26	–	1	27
Interest expenses	–	–	260	260
Depreciation and amortisation	224	23,760	6,142	30,126
Other material item of income and expense:				
Income tax (credit)/debit	–	(5,882)	344	(5,538)
Additions to segment non-current assets	2,539	71	652	3,262
At 31 March 2015				
Segment assets	107,103	202,531	60,567	370,201
Segment liabilities	1,000	23,008	27,309	51,317

9. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2016 HK$'000	2015 HK$'000
Revenue		
Total Revenue of reportable segments	**194,790**	79,627
Profit or (loss)		
Total loss of reportable segments	**(32,720)**	(55,268)
Other income and gain or (loss)	**(14,495)**	46,300
Corporate expenses	**(56,278)**	(193,908)
Gain on disposal of subsidiaries	**2,114**	–
Finance costs	**(10,786)**	(16,913)
Consolidated loss for the year	**(112,165)**	(219,789)
Assets		
Total assets of reportable segments	**342,700**	370,201
Available-for-sale investments	**2,418**	–
Derivative components of convertible bonds	**–**	10,160
Other corporate assets	**80,759**	69,653
Consolidated total assets	**425,877**	450,014
Liabilities		
Total liabilities of reportable segments	**94,043**	51,317
Promissory notes	**95,468**	113,750
Convertible bonds	**–**	13,314
Borrowings	**12,089**	2,364
Other corporate liabilities	**5,828**	3,194
Obligation under finance lease	**2,451**	3,632
Consolidated total liabilities	**209,879**	187,571

9. SEGMENT INFORMATION (Continued)

Geographical information:

	Revenue		Non-current assets*	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,630**	2,563	**152,770**	218,286
PRC	**163,551**	37,366	**13,665**	12,169
Taiwan	**6,325**	14,470	**–**	–
United States	**21,858**	24,943	**–**	–
Other countries	**1,426**	285	**–**	–
Consolidated total	**194,790**	79,627	**166,435**	230,455

In presenting the geographical information, revenue is based on the locations of the customers.

* Non-current assets excluded financial instrument.

Revenue from major customers:

Revenue derived from major customers who contributed 10% or more of total revenue are as follows:

	Segment	**2016** **HK$'000**	2015 HK$'000
Customer A	Trading of refined oil and chemicals	**68,579**	–
Customer B	Power and data cords business	**23,796**	24,943
Customer C	Power and data cords business	**21,752**	24,537
Customer D	Power and data cords business	**6,325**	14,449*

* Sales of these customers did not exceed 10% of total revenue in the respective years. These amounts were shown for comparative purpose.

10. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest on bank borrowings	**172**	11
Interest on trust receipt loans	**113**	249
Interest on financial lease	**176**	95
Effective interest expenses on convertible bonds wholly repayable within five years	**533**	2,576
Effective interest expenses on promissory notes		
– Wholly repayable within five years	**4,830**	10,343
– Not wholly repayable within five years	**4,962**	3,639
	10,786	16,913

11. INCOME TAX

	2016 HK$'000	2015 HK$'000
Continuing operations:		
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	68
Current tax – PRC Enterprise Income Tax		
Provision for the year	**67**	276
	67	344
Deferred tax	**(9,581)**	(5,882)
	(9,514)	(5,538)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2016 (2015: 16.5%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

11. INCOME TAX (Continued)

Pursuant to the Enterprise Income Tax rules and regulations of the PRC, the PRC subsidiaries of the Group are subject to Enterprise Income Tax at a rate of 25% (2015: 25%), except for Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("Sun Fair SZ") is entitled to a preferential tax rate of 15% for being a high technology enterprise.

The reconciliation between the income tax credit and loss before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	2016 **HK$'000**	2015 HK$'000
Loss before tax	**(121,679)**	(225,327)
Tax at the statutory tax rate	**(20,352)**	(44,606)
Tax effect of income that is not taxable	**(2,800)**	(8,974)
Tax effect of expenses that are not deductible	**11,636**	44,103
Tax effect of tax losses not recognised	**2,002**	3,939
Income tax credit	**(9,514)**	(5,538)

12. LOSS FOR THE YEAR

Loss for the year is arrived at after charging the following:

	2016 HK$'000	2015 HK$'000
Cost of inventories sold	**153,811**	43,625
Operating lease payments		
– Motor vehicles	**–**	344
– Office and staff quarters	**8,243**	6,323
– Vessels	**3,050**	–
Amortisation of intangible assets	**23,528**	23,528
Depreciation of property, plant and equipment	**10,060**	7,409
Allowance on inventories	**6,718**	5,969
Provision of doubtful debts on trade and other receivables	**2,738**	16,000
Net foreign exchange losses	**–**	204
Loss on disposals of property, plant and equipment	**–**	50
Staff costs including Directors' emoluments		
Salaries, bonuses and allowances	**33,691**	35,694
Equity-settled share-based payments	**–**	9,081
Retirement benefits scheme contributions	**609**	425
	34,300	45,200
Other equity-settled share-based payments	**–**	62,295
Auditors' remuneration	**770**	750

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each Director were as follows:

	Fees HK$'000	Salaries, bonuses and allowance HK$'000	Equity-settled share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2016					
Executive Directors:					
Ho Chun Kit, Gregory	–	582	–	18	600
Zou Donghai *(Note (c))*	–	1,800	–	–	1,800
Chan Lung Ming *(Note (d))*	–	582	–	18	600
Zhang Xueming *(Note (e))*	–	600	–	–	600
Rong Changjun *(Note (f))*	–	1,200	–	–	1,200
Zheng Jian Peng *(Note (h))*	–	202	–	6	208
	–	4,966	–	42	5,008
Non-Executive Director:					
Tse Yee Hin, Tony *(Note (g))*	15	–	–	–	15
Independent Non-Executive Directors:					
Eugenia Yang	120	–	–	–	120
Ng Ka Chung	120	–	–	–	120
Lau Sung Tat, Vincent	120	–	–	–	120
	360	–	–	–	360
	375	4,966	–	42	5,383

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	Fees HK$'000	Salaries, bonuses and allowance HK$'000	Equity-settled share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2015					
Executive Directors					
Yeung Tin Hung *(Note (a))*	–	30	–	–	30
Yeung Shing Wai *(Note (b))*	–	80	–	–	80
Ho Chun Kit, Gregory	–	960	4,690	18	5,668
Zou Donghai *(Note (c))*	–	827	–	–	827
Chan Lung Ming *(Note (d))*	–	485	–	9	494
Zhang Xueming *(Note (e))*	–	276	–	–	276
Rong Changjun *(Note (f))*	–	400	–	–	400
	–	3,058	4,690	27	7,775
Non-Executive Directors:					
Chan Lung Ming *(Note (d))*	30	–	–	–	30
Tse Yee Hin, Tony *(Note (g))*	180	–	–	–	180
	210	–	–	–	210
Independent Non-Executive Directors					
Eugenia Yang	120	–	–	–	120
Chan Lung Ming *(Note (d))*	30	–	–	–	30
Ng Ka Chung	120	–	–	–	120
Lau Sung Tat, Vincent	120	–	–	–	120
	390	–	–	–	390
	600	3,058	4,690	27	8,375

Notes:

(a) Resigned on 25 July 2014

(b) Resigned on 1 December 2014

(c) Appointed on 16 October 2014

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Notes: (Continued)

(d) Appointed on 30 August 2013, redesignated to Non-Executive Director on 4 July 2014 and redesignated to Executive Director on 20 August 2014

(e) Appointed on 16 October 2014

(f) Appointed on 1 December 2014

(g) Resigned on 30 April 2015

(h) Appointed on 15 December 2015

There was no arrangement under which a Director waived or agreed to waive any emoluments during the year (2015: Nil).

The five highest paid individuals in the Group during the year included four Directors (2015: three Directors) whose emoluments are reflected in the analysis presented above. The emolument of the remaining one (2015: two) individual is set out below:

	2016	2015
	HK$'000	HK$'000
Salaries, bonuses and allowances	**642**	880
Equity-settled share-based payments	**–**	4,391
Retirement benefits scheme contributions	**18**	35
	660	5,306

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The emoluments of one (2015: two) individual with the highest emoluments are within the following bands:

	Number of individuals	
	2016	2015
HK$Nil to HK$1,000,000	**1**	1
HK$4,000,000 to HK$4,999,999	**–**	1

No emoluments were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2015: Nil).

14. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of approximately HK$109,552,000 (2015: approximately HK$217,075,000) by the weighted average number of ordinary shares of 9,448,372,220 (2015: 8,113,223,288) in issue for the year ended 31 March 2016.

Diluted loss per share

No diluted loss per share is presented as the share options have anti-dilutive effects on basic loss per share for the year (2015: Nil).

15. DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 March 2016 and 2015.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Moulding and equipment HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Total HK$'000
Cost							
At 1 April 2014	3,660	1,160	6,559	25,717	5,456	5,585	48,137
Additions	–	–	114	514	8,039	801	9,468
Disposals	–	–	–	(115)	–	–	(115)
Exchange differences	–	–	2	3	–	–	5
At 31 March 2015 and 1 April 2015	3,660	1,160	6,675	26,119	13,495	6,386	57,495
Additions	–	11,759	–	619	161	164	12,703
Disposals	–	–	–	(3,503)	(669)	(2)	(4,174)
Exchange differences	–	–	(85)	(155)	(87)	(37)	(364)
At 31 March 2016	3,660	12,919	6,590	23,080	12,900	6,511	65,660
Accumulated depreciation and impairment							
At 1 April 2014	392	124	3,049	17,271	2,779	3,172	26,787
Charge for the year	98	31	1,395	3,210	1,593	1,082	7,409
Disposals	–	–	–	(41)	–	–	(41)
Exchange differences	–	–	–	(1)	1	–	–
At 31 March 2015 and 1 April 2015	490	155	4,444	20,439	4,373	4,254	34,155
Charge for the year	98	233	1,216	5,374	2,151	988	10,060
Impairment	1,013	321	182	41	262	126	1,945
Disposals	–	–	–	(2,720)	(70)	(2)	(2,792)
Exchange differences	–	–	(64)	(139)	(12)	(15)	(230)
At 31 March 2016	1,601	709	5,778	22,995	6,704	5,351	43,138
Carrying amount							
At 31 March 2016	2,059	12,210	812	85	6,196	1,160	22,522
At 31 March 2015	3,170	1,005	2,231	5,680	9,122	2,132	23,340

Leasehold land and buildings with carrying amount of HK$14,268,000 (2015: HK$4,175,000) were pledged to a bank to secure general banking facilities granted to the Group as at 31 March 2016.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 March 2016, the net carrying amounts of the Group's motor vehicle held under finance leases was approximately HK$3,984,000 (2015: HK$5,071,000).

The Group's leasehold land is situated in the PRC under medium-term lease.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$'000	2015 HK$'000
Listed equity investment outside Hong Kong, at fair value	2,418	–

The fair value of the listed quity investments was based on the quoted market bid prices available on the stock exchange where the securities were listed.

18. GOODWILL

	2016 HK$'000	2015 HK$'000
Cost		
At 1 April and 31 March	105,775	105,775
Accumulated impairment losses		
At 1 April	14,285	14,285
Impairment loss	10,377	–
At 31 March	24,662	14,285
Carrying amount		
At 31 March	81,113	91,490

18. GOODWILL (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2016	2015
	HK$'000	HK$'000
Digital application business:		
3 Dynamics (Asia) Limited ("3 Dynamics")	**81,113**	91,490

Cash generating unit for segment of digital application business ("CGU for digital application")

The recoverable amount is determined based on value-in-use calculation using discounted cash flow method in accordance with HKAS 36. The key assumptions for the discounted cash flow method are those regarding the discount rate, terminal growth rate and budgeted gross margin and revenue during the period. The Group estimated the discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU for digital application. The terminal growth rate is based on long-term average economic growth rate of the geographical area in which the businesses of the CGU for digital application operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years (2015: five years) with the residual period using the terminal growth rate of 3%. The pre-tax rate used to discount the forecast cash flows for digital application business is 17.3% (2015: 23.06%) with reference to the valuation performed by an independent professional valuer. As the recoverable amount of the CGU for digital application was below the carrying amount, an impairment loss of approximately HK$10,377,000 has been recognised.

19. INTANGIBLE ASSETS

	Contractual right	
	2016	2015
	HK$'000	HK$'000
Cost		
At 1 April	**98,035**	98,035
Accumulated amortisation and impairment loss		
At 1 April	**29,410**	5,882
Amortisation for the year ended	**23,528**	23,528
Impairment loss	**14,797**	–
At 31 March	**67,735**	29,410
Carrying amount		
At 31 March	**30,300**	68,625

As at 31 March 2016, the Group possessed a contractual right which represents the design, development, sales and distribution of mobile phone games with popular cartoon characters in the PRC arising from a co-operation agreement with a PRC company, Guangzhou Blue Arc Culture Communication Company Limited（廣州藍弧文化傳播有限公司）("Cooperation Agreement"). The Cooperation Agreement has a term of 5 years from 1 March 2013 to 28 February 2018 and is renewable for 5 years subject to negotiation by the parties concerned. In the opinion of the Directors, the contractual right is expected to be available for use by the Group over a useful life of 4.17 years from the date of acquisition and it is being amortised on a straight-line basis over its useful life. The remaining amortisation period of the contractual right is 1.92 years (2015: 2.92 years).

The Group determined the recoverable amounts of the Cooperation Agreement based on value in use calculation. That calculation used cash flows projections based on financial budgets approved by management covering the remaining two years period (2015: three years period), and discount rate of 30.1% (2015: 23.06%) for the Cooperation Agreement with reference to the valuation performed by an independent professional valuer. As the recoverable amount of the CGU of digital application business was below the carrying amount, an impairment loss of approximately HK$14,797,000 has been recognised.

20. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

(a) Jian Long Da Holdings Limited ("Jian Long")

On 10 January 2014, the Company and Mr. Wu Zhi Qiang ("Mr. Wu") entered into a non-legally binding memorandum of understanding (the "MOU") in relation to a proposed acquisition (the "Proposed Acquisition") of the entire issued share capital of Jian Long from Mr. Wu. Jian Long was incorporated in Hong Kong and has a signed framework agreement with the Government of Wangdu City (the "Wangdu Government"). Pursuant to the framework agreement, Jian Long shall set up a project company in the PRC and the Wangdu Government shall grant the project company the exclusive right to construct and operate the centralised heating facilities in Wangdu City for a term of 30 years. The deposit of HK$15,000,000 has been paid and is non-interest bearing, secured by the entire issued share capital of Jian Long and refundable in the event that the Proposed Acquisition is terminated or upon the expiry of the MOU. The MOU had expired on 9 October 2014.

Details of the MOU and the supplemental MOUs are set out in the Company's announcements dated 10 January 2014, 9 October 2014, 20 January 2015, 9 April 2015 and 31 July 2015 (the "Supplemental MOUs") respectively. During the year ended 31 March 2016, the Company and Mr. Wu has reached a preliminary understanding to refund the full deposit of HK$15,000,000 and to enter into an agreement to terminate the MOU and the Supplemental MOUs. Upon the termination of the MOU and the Supplemental MOUs, the parties will have no further obligations to proceed with the Proposed Acquisition.

(b) Sino Grandway International Investment Limited ("Sino Grandway")

On 7 August 2014, the Company entered into a non-legally binding memorandum of understanding (the "MOU") in relation to a proposed acquisition of Sino Grandway (the "Proposed Acquisition"). Sino Grandway is an investment holding company incorporated in Hong Kong and its issued share capital is equally held by two independent third parties (the "Vendors"). The sole asset of Sino Grandway is the 100% legal and beneficial interest in a PRC subsidiary (the "PRC subsidiary") which was principally engaged in the sale and distribution of glass products in the PRC.

On 7 August 2014, the Company has paid an earnest money of HK$8,000,000 (the "First Deposit") to the Vendors in accordance with the term of MOU. On 20 October 2014, the Company entered into a supplemental memorandum of understanding (the "Supplemental MOU") in relation to the Proposed Acquisition and paid the remaining of the said deposit of an earnest money of HK$24,000,000 (the "Second Deposit"). The First Deposit and the Second Deposit are non-interest bearing, secured by a first-fixed charge over the entire issued share capital of Sino Grandway and is refundable.

On 15 January 2015, the PRC Subsidiary entered into the Exclusive Distribution Agreement with Luoyang Longxin Glass Company Limited ("Longxin Glass"). Pursuant to the Exclusive Distribution Agreement, Longxin Glass has engaged the PRC Subsidiary to, inter alia, distribute glass products supplied by Longxin Glass for 10 years with effect from 30 November 2015 worldwide.

20. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES (Continued)

(b) Sino Grandway International Investment Limited ("Sino Grandway") (Continued)

On 5 February 2016, the Company entered into the acquisition agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued share capital of Sino Grandway.

Further details of the Proposed Acquisition are set out in the Company's announcements dated 7 August 2014, 20 October 2014, 12 February 2015, 16 October 2015 and 5 February 2016.

(c) Instant Strong Group Limited (Instant Strong)

New Skyline Group Limited, a wholly-owned subsidiary of the Company, entered into the acquisition agreement on 23 November 2015 with an independent third party, Mr. Wong Sze Chung Armstrong (the "Vendor"), in relation to a potential investment (the "Potential Investment") of Instant Strong which is engaged in the business of wide code neo-material.

The sole asset of Instant Strong is the 15% legal and beneficial interest in Wide Code New Materials Development Company Limited ("Wide Code"). Upon the completion of the Potential Investment, Wide Code will hold the entire equity interest of Wuhu Weixiang Chaoweicailiao Company Limited which is a company established in the PRC and is principally engaged in the production, sale and research and development of neo-material in the PRC.

During the year ended 31 March 2016, the Group paid a refundable deposit of HK$500,000 in cash to the Vendor.

Further details of the Potential Investment are set out in the Company's announcements dated 23 November 2015 and 28 January 2015.

21. INVENTORIES

	2016 **HK$'000**	2015 HK$'000
Raw materials	**5,435**	5,975
Work in progress	**2,299**	2,384
Finished goods	**21,435**	5,894
	29,169	14,253
Less: Provision of obsolete stock	**(6,718)**	(5,969)
	22,451	8,284

22. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables *(note a)*	**16,772**	22,888
Provision of doubtful debts *(note a)*	**(2,738)**	(4,217)
Other receivables *(note b)*	**138,200**	40,341
	152,234	59,012
Less: Non-current portion	**–**	–
Total trade and other receivables	**152,234**	59,012

(a) Trade receivables

The majority of the Group's sales are on credit terms up to 120 days from the end of the month of invoice. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The aging analysis of trade receivables (net of provision of doubtful debts) is as follows:

	2016 HK$'000	2015 HK$'000
1 – 30 days	**14,034**	9,721
31 – 60 days	**–**	4,390
61 – 90 days	**–**	320
91 – 180 days	**–**	4,240
Total	**14,034**	18,671

22. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

As at 31 March 2016, no trade receivables were past due but not impaired. As at 31 March 2015, trade receivables of approximately HK$4,240,000 were past due but not impaired, these relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of the trade receivables is as follows:

	2016 HK$'000	2015 HK$'000
0 – 60 days past due	**–**	1,423
Over 61 days past due	**–**	2,817
Total	**–**	4,240

The movements in the provision for impairment of trade receivables are as follows:

	2016 HK$'000	2015 HK$'000
At 1 April	**4,217**	–
Reversal of provision of doubtful debts	**(4,217)**	–
Provision of doubtful debts	**2,738**	4,217
At 31 March	**2,738**	4,217

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
HK$	**6,577**	7,546
United States dollars ("US$")	**7,312**	10,237
Renminbi ("RMB")	**145**	888
Total	**14,034**	18,671

22. TRADE AND OTHER RECEIVABLES (Continued)

(b) Other receivables

	2016 HK$'000	2015 HK$'000
Advances to staff	**3,081**	82
Deposits paid to suppliers	**37,419**	–
Prepayments and other deposits paid	**64,542**	39,913
Others	**33,158**	346
	138,200	40,341

As at 31 March 2016, included in other receivables was a refundable deposit for acquisition of a subsidiary amounted to HK$15,000,000. Detail of which has been set out in note 20 to the Consolidated Financial Statements.

23. LOAN RECEIVABLES

During the year ended 31 March 2016, the Group entered into a loan agreement with an independent third party. The loan receivables carried interest of 8% per annum and to be due on 14 March 2017.

	2016 HK$'000	2015 HK$'000
Carrying amount receivable based on schedule repayment dates set out in the loan agreement		
Within one year	**9,600**	–

24. DUE FROM A DIRECTOR

Name of director	Maximum debit balance HK$'000	2016 HK$'000	2015 HK$'000
Zhang Xueming*	12,570	**12,570**	–

The amount due is unsecured, interest-free and recoverable on demand.

* Directors' are of the view that it is not a connected transaction according to Chapter 20 of the GEM Listing Rules.

25. CONTINGENT CONSIDERATION RECEIVABLES

	HK$'000
Fair value of contingent consideration receivables at 1 April 2015	4,669
Realisation of contingent consideration receivables upon maturity date	37,331
Fair value of contingent consideration receivables at 31 March 2015 and at 1 April 2015	42,000
Received	(20,000)
Fair value of contingent consideration receivables at 31 March 2016	22,000

The receivables represent the contingent consideration arising from the acquisition of the entire issued share capital of 3 Dynamics on 31 December 2013 (the "Acquisition Date").

Pursuant to the terms of the sale and purchase agreement dated 21 November 2013 ("SPA"), Mr. Chung Wai Sum (the "Vendor") irrevocably and unconditionally warrants and guarantees to Dynamics Miracle Limited, a subsidiary of the Company (the "Purchaser") that the audited net profit after tax of 3 Dynamics for the upcoming 12 months after the Acquisition Date (the "Audited Net Profit") shall not be less than HK$42,000,000 (the "Profit Guarantee"). The Profit Guarantee is secured by 28,000,000 consideration shares of the Company issued to the Vendor (the "Secured Shares"). In the event that the Audited Net Profit is less than the amount of Profit Guarantee, the Vendor is required to pay the shortfall of the Profit Guarantee to the Purchaser. In the event that the Profit Guarantee is not achieved, the Vendor and the Purchaser shall jointly sell the Secured Shares appropriately and settle the shortfall from the net proceeds. If the net proceeds are not sufficient to cover the sum of the shortfall, the Vendor shall pay to the Purchaser the difference in cash within 7 business days after the sale. In the event that 3 Dynamics records a loss in its Audited Net Profit, the Audited Net Profit shall be deemed as zero.

25. CONTINGENT CONSIDERATION RECEIVABLES (Continued)

Subsequent to the year ended 31 March 2015, under the terms and conditions as stipulated in the SPA, the consideration shares are to be sold in order to pay the proceeds under the Profit Guarantee of the nominal value of the contingent consideration receivables due to the fact that the Audited Net Profit is below benchmark; and it was deemed as zero profit or loss. During the year ended 31 March 2016, the Vendor settled HK$20,000,000 in cash for the Profit Guarantee.

As at 31 March 2016, the fair value of HK$22,000,000 (2015: HK$42,000,000) represents the nominal amount of cash to be received for the Profit Guarantee which has been determined by the Directors in light of the fact that the Profit Guarantee has been matured.

26. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables *(note a)*	**7,850**	8,496
Other payables *(note b)*	**68,002**	21,221
Total trade and other payables	**75,852**	29,717

(a) Trade payables

The Group normally obtains credit terms ranging from 30 days to 120 days from its suppliers. The aging analysis of trade payables based on the due date is as follows:

	2016 HK$'000	2015 HK$'000
Not yet due	**6,167**	8,396
1 – 30 days past due	**1,612**	63
31 – 60 days past due	**63**	24
61 – 90 days past due	**3**	5
91 – 180 days past due	**5**	8
	7,850	8,496

26. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables (Continued)

The carrying amounts of the Group's trade payables were denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
HK$	**7,050**	7,070
RMB	**517**	561
US$	**283**	865
Total	**7,850**	8,496

(b) Other payables

	2016 HK$'000	2015 HK$'000
Accruals	**3,879**	4,333
Interest payables	**2,580**	–
Other tax payables	**447**	854
Salary and welfare payables	**7,968**	9,779
Bill payables	**26,516**	–
Deposit received	**3,247**	–
Others	**23,365**	6,255
	68,002	21,221

27. OBLIGATION UNDER FINANCE LEASE

The Group leased the motor vehicle under finance lease. The lease term is 4 years. Interest rate underlying obligation under finance lease is fixed at 5.47% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance lease:				
Within one year	**1,350**	1,350	**1,247**	1,181
More than one year but less than five years	**1,350**	2,588	**1,204**	2,451
	2,700	3,938	**2,451**	3,632
Less: future finance charges	**(136)**	(306)	**–**	–
Present value of lease obligation	**2,564**	3,632	**2,451**	3,632
Less: Amount due for settlement within 12 months			**(1,247)**	(1,181)
Amount due for settlement after 12 months			**1,204**	2,451

28. DUE TO A DIRECTOR/A RELATED PARTY

The amount due to a director/ a related party is unsecured, interest-free and repayable on demand.

29. PROMISSORY NOTES

	2016 HK$'000	2015 HK$'000
At 1 April	**113,750**	99,757
Issuance	**19,866**	68,432
Imputed interest charged	**9,792**	13,982
Interest paid	**(8,514)**	(5,936)
Redemption	**(39,130)**	(63,467)
(Gain)/Loss on early redemption	**(296)**	982
At 31 March	**95,468**	113,750
Analysed as:		
Current liabilities	**46,287**	31,687
Non-current liabilities	**49,181**	82,063
	95,468	113,750

The promissory notes are unsecured, bearing interest at rates from 7% to 10% per annum and whose maturity dates are ranging from 1 to 7 years from the dates of issue. The effective interest rates of the promissory notes are ranging from 9.857% to 21.114% per annum.

During the year, the Company issued unsecured promissory notes with aggregate principal amounts of HK$21,000,000 (2015: HK$74,900,000). The proceeds from the issuance of promissory notes are be used as general working capital of the Group, financing future investment opportunities and as part of the consideration for the acquisition as disclosed in notes to these consolidated financial statements.

At any time prior to the maturity date, the Company has sole discretion elect to redeem the promissory notes, in whole or in part (in the amounts of not less than HK$1,000,000 or an integral multiple thereof or such other amounts that agreed between the Company and promissory note holders), at a redemption price equal to 100% of the principal amount of the promissory note, plus accrued and unpaid interest thereon the redemption date.

29. PROMISSORY NOTES (Continued)

The early redemption option of promissory note is regarded as an embedded derivative not closely related to the host contract and shall be separately accounted for as a derivative financial instrument. In the opinion of the Directors, the fair value of the early redemption option was considered immaterial.

30. CONVERTIBLE BONDS

	2016 HK$'000	2015 HK$'000
Liabilities component:		
Convertible bonds with principal amount of:		
– HK$55,500,000 ("CB1")	–	4,125
– HK$15,600,000 ("CB2")	–	1,548
– HK$22,100,000 ("CB3")	–	3,986
– HK$20,600,000 ("CB4")	–	3,656
	–	13,315
Analysed as:		
Current liabilities	–	13,315
Non-current liabilities	–	–
	–	13,315

On 24 January 2014, 20 March 2014, 28 May 2014 and 21 July 2014, the Company issued unsecured convertible bonds with principal amount of HK$55,500,000 (the "CB1"), HK$15,600,000 (the "CB2"), HK$22,100,000 (the "CB3") and HK$20,600,000 (the "CB4") respectively. The maturity dates of CB1, CB2, CB3 and CB4 are 23 July 2015, 20 September 2015, 27 November 2015 and 20 January 2016 respectively. CB1, CB2, CB3 and CB4 are interest-bearing at 12.5% per annum and payable in arrears at first anniversary and upon its maturity dates. The bond holders of CB1, CB2, CB3 and CB4 have the rights to convert the bonds into ordinary shares of the Company at any time on the business day after the 12 months from the date of issuance of the bonds until the maturity date at the initial conversion price of HK$2.37 (the "Conversion Price"), subject to anti-dilutive protection adjustments. The Conversion Price was adjusted to HK$0.237 per share due to subdivision of every 1 ordinary share of HK$0.001 each in the share capital of the Company into 10 new ordinary shares of HK$0.0001 each on 25 March 2014.

30. CONVERTIBLE BONDS (Continued)

CB1, CB2, CB3 and CB4 contain three components, a redemption call, a liability and an equity component. The equity component is presented in equity as part of the "convertible bonds equity reserves". The effective interest rate of the liability component for the CB1, CB2, CB3 and CB4 are 13.33% per annum, 13.30% per annum, 12.83% per annum and 18.70% per annum respectively. The redemption call is measured at fair value and recorded as derivative financial instruments under "Derivative components of convertible bonds" in the consolidated statement of financial position, with any changes in fair value being charged or credited to the consolidated profit or loss and other comprehensive income in the year when change occurs.

On 19 May 2015, pursuant to the respective terms and conditions of the CB1 and CB2, the holders of CB1 and CB2 have exercised their rights to convert at outstanding convertible bonds and such convertible bonds were automatically converted into conversion shares at the Conversion Price which have been subjected to adjustment in accordance with the respective terms and conditions of the CB1 and CB2.

On 3 June 2015 and 25 Jun 2015, pursuant to the respective term and conditions of the CB3, the holders of the CB3 have exercised their rights to convert all outstanding convertible bonds and such convertible bonds were voluntarily converted into conversion shares at the Conversion Price which have been subjected to adjustment in accordance with the respective terms and condition of CB3.

On 20 January 2016, pursuant to the respective term and conditions of the CB4, the holders of the CB4 have exercised their rights to convert all outstanding convertible bonds and such convertible bonds were voluntarily converted into conversion shares at the Conversion Price which have been subjected to adjustment in accordance with the respective terms and condition of CB4.

30. CONVERTIBLE BONDS (Continued)

CB1, CB2, CB3 and CB4 have been split between the derivative component of convertible bonds, liability and equity component, the movement of which were summarised as follows:

	CB1 HKD'000	CB2 HKD'000	CB3 HKD'000	CB4 HKD'000	Total HKD'000
Liabilities component:	9,103	2,507	–	–	11,610
At 1 April 2014					
Proceeds from issue	–	–	21,879	20,394	42,273
Equity components	–	–	(18,278)	(17,229)	(35,507)
Liability component	9,103	2,507	3,601	3,165	18,376
Imputed interest charged	1,335	366	385	491	2,577
Interest paid	(6,313)	(1,325)	–	–	(7,638)
At 31 March 2015 and at 1 April 2015	4,125	1,548	3,986	3,656	13,315
Imputed interest charged	78	29	120	305	532
Interest paid	(400)	(625)	(2,763)	(3,863)	(7,651)
Conversion into shares during the year	(3,803)	(952)	(1,343)	(98)	(6,196)
At 31 March 2016	–	–	–	–	–
Derivative components:					
At 1 April 2014 and at date of issue	20,455	6,228	–	–	26,683
Initial recognition	–	–	2,732	2,551	5,283
Fair value change	(17,687)	(5,548)	809	620	(21,806)
At 31 March 2015 and at 1 April 2015	2,768	680	3,541	3,171	10,160
Conversion into shares during the year	(2,768)	(680)	(3,541)	(3,171)	(10,160)
At 31 March 2016	–	–	–	–	–

30. CONVERTIBLE BONDS (Continued)

The derivative components of convertible bonds were measured at its fair values at the date of issues and at 31 March 2015. The fair values of derivative components of convertible bonds for CB1, CB2, CB3 and CB4 are estimated using Binomial Option Pricing Model (level 3 fair value measurements) and were valued by an independent professional valuer. The key assumptions used are as follows:

	CB1		CB2		CB3		CB4	
	At 31 March 2015	At date of issue	At 31 March 2015	At date of issue	At 31 March 2015	At date of issue	At 31 March 2015	At date of issue
Share price	HK$0.09	HK$1.29	HK$0.09	HK$1.34	HK$0.090	HK$0.142	HK$0.090	HK$0.121
Risk free rate	0.025%	0.32%	0.38%	0.35%	0.066%	0.245%	0.083%	0.246%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility	70.17%	102.43%	70.17%	102.69%	70.17%	110.958%	70.17%	110.225%
Yield spread	13.33%	13.33%	13.3004%	13.30%	12.8291%	12.8291%	15.436%	18.70%

31. BORROWINGS

	2016 HK$'000	2015 HK$'000
Trust receipt loans	–	2,070
Bank borrowings	12,089	294
	12,089	2,364

As at 31 March 2016 and 2015, the Group's borrowing were repayable within one year and denominated in HK dollar.

The weighted average effective interest rates at 31 March were as follows:

	2016	2015
Trust receipt loans	N/A	6.25%
Bank borrowings	5.25%	5.25%

31. BORROWINGS (Continued)

As at 31 March 2016, the Group had banking facilities of approximately HK$43,450,000 (2015: approximately HK$7,300,000) of which approximately HK$12,089,000 (2015: approximately HK$2,364,000) were utilised.

At 31 March 2016, borrowings were secured by the Group's leasehold land and buildings with an aggregate net book value of approximately HK$14,268,000 (2015: approximately HK$4,175,000) and corporate guarantees provided by the Company.

32. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group.

	Intangible assets	Accelerated tax depreciation	Withholding tax on undistributed earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014	23,039	157	816	24,012
Credit to consolidated profit or loss for the year	(5,882)	–	–	(5,882)
At 31 March 2015 and 1 April 2015	17,157	157	816	18,130
Credit to consolidated profit or loss for the year	(9,581)	–	–	(9,581)
At 31 March 2016	7,576	157	816	8,549

At the end of the reporting period, the Group has unused tax losses of approximately HK$72,190,000 (2015: approximately HK$51,838,000), available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$13,872,000 (2015: approximately HK$11,756,000) that have an expiry period of five years. Other tax losses may be carried forward indefinitely.

33. SHARE CAPITAL

	Note	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.0001 (2015: HK$0.001) each			
At 1 April 2014, 31 March 2015 and 1 April 2015		10,000,000,000	1,000
Increase	*(a)*	70,000,000,000	7,000
At 31 March 2016		**80,000,000,000**	**8,000**
Issued and fully paid:			
Ordinary shares of HK$0.0001 (2015: HK$0.0001) each			
At 1 April 2014		7,264,500,000	726
Issue of shares by placement	*(b)*	1,452,900,000	145
Issue of shares by share option scheme	*(c)*	55,000,000	6
At 31 March 2015		8,772,400,000	877
Issue of shares by placement	*(d)*	240,000,000	24
Issue of shares by convertible bonds	*(e)*	480,168,744	48
Issue of shares by share option scheme	*(f)*	554,870,000	56
At 31 March 2016		**10,047,438,744**	**1,005**

Notes:

(a) By an ordinary resolution passed at the extraordinary general meeting on 22 October 2015, the Company's authorised share capital was increased from HK$1,000,000 dividend into 10,000,000,000 ordinary shares of HK$0.001 each to HK$8,000,000 dividend into 80,000,000,000 ordinary shares of HK$0.001 each by creation of additional 70,000,000,000 ordinary shares of HK$0.001 each.

(b) On 24 September 2014, the Company issued 1,452,900,000 ordinary new shares at a subscription price of HK$0.1 per share for a total cash consideration of HK$145,290,000. The premium on the issue of shares amounting to HK$141,500,000, net of share issue expenses, was crediting to the Company's share premium account.

(c) On 5 January 2015, the Company issued 55,000,000 ordinary new shares at a subscription price of HK$0.113 per share for exercising the share option for total cash consideration of HK$6,215,000.

(d) On 5 February 2016, the Company issued 240,000,000 ordinary new shares at a subscription price HK$0.105 per share for a total cash consideration of 24,444,000. The premium on the issue of the shares amounting to HK$24,420,000, net of share issue expenses, was credited to the Company's share premium account. The gross proceeds from the placing was used as general working capital of the Company.

33. SHARE CAPITAL (Continued)

Notes: (Continued)

(e) During the year, the Company issued 480,168,744 new ordinary shares at subscription price of HK$0.237 per share for converting of convertible bonds.

(f) During the year, the Company issued 543,870,000 and 11,000,000 new ordinary shares at a subscription price of HK$0.092 and 0.128 per share respectively, for exercising the share option for a total cash consideration of HK$51,444,000.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares and raise new debts.

The Group monitors its capital using gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts is defined as total debts (includes bill payables, obligation under finance lease, promissory notes, bank loans and convertible bonds) less cash and cash equivalents. Equity comprises share capital and reserves.

	2016 **HK$**	2015 HK$
Total debts	**136,524**	133,060
Less: Cash and cash equivalents	**(38,169)**	(100,035)
Net debt	**98,355**	33,025
Total equity	**215,998**	263,443
Total capital	**314,353**	295,468
Gearing ratio	**31.3%**	11.2%

34. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose to attract, retain and motivate the eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, Directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 27 April 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director, Chief Executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the Independent Non-Executive Directors. In addition, any share options granted to a substantial shareholder or an Independent Non-Executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the board of Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

34. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of the specific categories of options are as follows:

Grantee	Date of grant	Exercise period	Exercise price *(Note)* HK$
Directors, employees and consultants	17.9.2013	17.9.2013 to 16.9.2023	0.22
	10.10.2013	10.10.2013 to 9.10.2023	0.20
	13.1.2014	13.1.2014 to 12.1.2024	0.16
	14.7.2014	14.7.2014 to 13.7.2024	0.13
	21.8.2014	21.8.2014 to 20.8.2024	0.11
	23.9.2014	23.9.2014 to 22.9.2024	0.16
	16.2.2015	16.2.2015 to 15.2.2025	0.08
	17.3.2015	17.3.2015 to 16.3.2025	0.09

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited after the period of 9 months from the date of cessation if the employee ceases to be an employee and consultant of the Group.

34. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of the share options outstanding during the year are as follows:

	2016		2015	
	Number of share options	**Weighted average exercise price HK$**	Number of share Options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**1,366,740,000**	**0.11**	550,000,000	0.20
Granted during the year	**–**	**–**	1,201,740,000	0.10
Lapsed during the year	**–**	**–**	(330,000,000)	(0.22)
Exercised during the year	**(554,870,000)**	**(0.09)**	(55,000,000)	(0.11)
Outstanding at the end of the year	**811,870,000**	**0.10**	1,366,740,000	0.11
Exercisable at the end of the year	**811,870,000**	**0.10**	1,366,740,000	0.11

The options outstanding at the end of the year have a weighted average remaining contractual life of 8.39 years (2015: 9.63) and the exercise prices range from HK$0.08 to HK$0.22 (2015: from HK$0.08 to HK$0.22). During the year ended 31 March 2016, there was no option granted. During the year eded 31 March 2015, the estimated fair values of the options granted on 14 July 2014, 21 August 2014, 23 September 2014, 16 February 2015 and 17 March 2015 were HK$12,689,000, HK$7,389,000, HK$4,391,000, HK$4,696,768 and HK$42,210,580 respectively.

34. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

The estimated fair values of the share options granted are determined at the date of grant using the Binominal Option Pricing Model. The respective fair values and significant inputs to the models were as follows:

Date of grant	Fair value	Grant date share price	Exercise price	Expected volatility *(Note b)*	Risk free rate	Expected life
17 September 2013 *(Note a)*	HK$0.10	HK$0.20	HK$0.22	98.26%	2.27%	10 years
10 October 2013 *(Note a)*	HK$0.07	HK$0.18	HK$0.20	97.84%	2.09%	10 years
13 January 2013 *(Note a)*	HK$0.06	HK$0.16	HK$0.16	65.25%	2.40%	10 years
14 July 2014	HK$0.08	HK$0.13	HK$0.13	50.25%	2.00%	10 years
21 August 2014	HK$0.07	HK$0.11	HK$0.11	50.06%	1.90%	10 years
23 September 2014	HK$0.08	HK$0.12	HK$0.16	50.04%	2.00%	10 years
16 February 2015	HK$0.05	HK$0.08	HK$0.08	69.14%	1.55%	10 years
17 March 2015	HK$0.05	HK$0.08	HK$0.09	70.02%	1.58%	10 years

Note:

(a) The fair value, the grant date share price and the exercise price of the share options grant in prior year have been adjusted pursuant to the share subdivision of the Company's share became effective on 25 March 2014.

(b) The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Share options granted to consultants were incentives for helping the Group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

35. DISPOSAL OF SUBSIDIARIES

(a) On 15 July 2015, Brave Lead International Limited ("Brave Lead"), a wholly-owned subsidiary of the Company, and MK Investment Limited ("Purchaser") have entered into a sale and purchase agreement, pursuant to which Brave Lead has agreed to dispose the entire interest of its wholly owned subsidiary, Forever Ascent Limited at a cash consideration of HK$1,500,000 (the "FA Disposal"). During the year ended 31 March 2016, the FA Disposal has been completed and all the precedent conditions were fulfilled.

35. DISPOSAL OF SUBSIDIARIES (Continued)

(a) (Continued)

Net liabilities at the date of the FA Disposal were as follows:

	HK$'000
Other payables	(904)
Property, plant and equipment	555
Net liabilities disposed of	(349)
Gain on disposal	1,849
Consideration	1,500
Cash on consideration received	1,500
Cash and cash equivalent disposal of	–
Net cash inflow arising from disposal	1,500

(b) On 17 December 2015, Sun Fair Electric Wire & Cable Solutions Limited ("SFS"), 70%-owned subsidiary of the Group has entered into a sale and purchase agreement at consideration of HK$280,000 (the "SFS Disposal"). During the year ended 31 March 2016, the SFS Disposal has been completed and all the precedent conditions were fulfilled.

Net assets at the date of the SFS Disposal were as follows:

	HK$'000
Cash and cash equivalent	22
Other payable	(6)
Net asset disposed of	16
Gain on disposal	264
Consideration	280
Cash on consideration received	–
Cash and cash equivalent disposal of	(22)
Net cash outflow arising from disposal	(22)

36. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group has following balances with related parties.

(a) Name and relationship with a related party:

Name of a related party	Relationship
Jiangxi Zhongyou Yingtai Natural Gas Limited Liability Company ("Zhongyou Yingtai")	Mr. Zou Donghai, the Chairman of the Company, has indirect significant influence on Zhongyou Yingtai

(b) Balance with related parties

In addition to the related parties balances disclosed elsewhere in the consolidated financial statements, the Group had the following balance with its related parties during the year:

	2016	2015
	HK$'000	HK$'000
Amount due from/(to) a director	**12,570**	(582)
Amount due to Zhongyou Yingtai	**(9,433)**	–

(c) During the year ended 31 March 2015, the Company granted 4,690,060 share options to the Directors which are exercisable from 17 March 2015 to 16 March 2025 at an exercise price of HK$0.092 each.

37. CONTINGENT LIABILITIES

As at 31 March 2016, the Group did not have any significant contingent liabilities (2015: Nil).

38. CAPITAL COMMITMENTS

Save as disclosed elsewhere to the consolidated financial statements, the Group has no other capital commitments as at 31 March 2016.

39. OPERATING LEASE COMMITMENTS

At 31 March 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	HK$'000	HK$'000
Within one year	**9,111**	11,907
In the second to fifth years inclusive	**27,891**	37,730
After five years	**24,788**	27,357
	61,790	76,994

Operating lease payments represent rentals payable by the Group for certain of its offices, staff quarters, motor vehicles and vessel. Rentals are fixed over the lease terms and do not include contingent rentals.

40. RETIREMENT BENEFITS SCHEME

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,250 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2016 HK$'000	2015 HK$'000
Investments in subsidiaries		**9,291**	9,291
Property, plant and equipment		**833**	1,209
Deposit paid for acquisition of subsidiaries		**32,000**	47,000
Loan receivables		**9,600**	–
Other receivables		**21,109**	5,917
Due from a director		**12,570**	–
Due from subsidiaries		**324,816**	322,936
Derivative components of convertible bonds		**–**	10,160
Bank and cash balances		**215**	8,990
Accruals and other payables		**(6,062)**	(2,784)
Due to subsidiaries		**(430)**	(433)
Promissory notes		**(95,468)**	(113,750)
Convertible bonds		**–**	(13,314)
NET ASSETS		**308,474**	275,222
Capital and reserves			
Share capital		**1,005**	877
Reserves		**307,469**	274,345
TOTAL EQUITY		**308,474**	275,222

Approved and authorised for issue by the Board of Directors on 17 June 2016.

Zou Donghai
Chairman and Executive Director

Ho Chun Kit Gregory
Executive Director

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	Share premium HK$'000	Share-based capital reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014	147,590	46,448	85,831	(58,756)	221,113
Loss for the year	–	–	–	(206,644)	(206,644)
Issue of shares upon placing, net of share issuance expense	141,501	–	–	–	141,501
Issuance of share option	–	71,376	–	–	71,376
Share option lapsed	–	(31,973)	–	31,973	–
Exercise of share option	6,210	(3,695)	–	3,695	6,210
Recognition of equity component of convertible bonds	–	–	40,789	–	40,789
At 31 March 2015 and 1 April 2016	**295,301**	**82,156**	**126,620**	**(229,732)**	**274,345**
Loss for the year	**–**	**–**	**–**	**(38,674)**	**(38,674)**
Issue of shares upon placing, net of share issuance expense	**24,420**	**–**	**–**	**–**	**24,420**
Issue of new share upon conversion of converted bond	**122,610**	**–**	**(126,620)**	**–**	**(4,010)**
Exercise of share option	**81,495**	**(30,107)**	**–**	**–**	**51,388**
At 31 March 2016	**523,826**	**52,049**	**–**	**(268,406)**	**307,469**

Nature and purpose of reserves

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(iii) Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(c)(iii) to the financial statements.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Nature and purpose of reserves (Continued)

(iv) Share-based capital reserve

The share-based capital reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(t) to the financial statements.

(v) Convertible bonds equity reserve

The convertible bonds equity reserve represents the value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 3(o) to the financial statements.

42. SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2016 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/voting power/ profit sharing		Principal activities
			Direct	Indirect	
Able One	British Virgin Islands ("BVI")/Hong Kong	3 ordinary shares of US$1 each	100%	–	Investment holding
Brave Champ Holdings Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Capital Convoy Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	–	100%	Investment holding
Joint Market Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	–	100%	Investment holding
Brilliant Access Holdings Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Dynamics Miracle Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Yuan Da Capital Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Rich Talent Worldwide Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding

42. SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/voting power/ profit sharing Direct	Indirect	Principal activities
New Skyline Group Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Sun Fair Electric Wire & Cable (HK) Company Limited*	Hong Kong/ Hong Kong	HK$3,000,000	–	100%	Trading of power and data cords
Logic Dynamic Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Trading of power and data cords for medical control devices
China Oil Gangran Energy Group Investment Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Inactive
China Oil Gangran Energy Group Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Investment holding
Sun Fair Electric Wire & Cable Industrial Company Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Manufacturing and trading of raw cables for power and data cords
China Oil Gangran Energy Group (Hong Kong) Limited*	Hong Kong/ Hong Kong	HK$1	–	100%	Investment holding
Prosper State International Holdings Limited*	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
3 Dynamics (Asia) Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Engaged in activities relating to the provision of programming services, web services, mobile marketing solutions and development of mobile phone games

42. SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/voting power/ profit sharing Direct	Indirect	Principal activities
China Oil Gangran Energy Group International Limited (Formerly known as China Oil Gangran Energy Group Holdings Limited and Day Bright International Limited)	Hong Kong/ Hong Kong	HK$1	–	100%	Investment holding
Treasure Rich International Investment Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
Sun Fair SZ	The PRC/PRC	HK$10,000,000	–	100%	Manufacturing and trading of power and data cords
Sun Fair Electric Wire & Cable (Chenzhou) Company Limited ("Sun Fair (Chenzhou)")	The PRC/PRC	HK$4,000,000	–	100%	Manufacturing of power and data cords
江西中油港 ("江西中油") 燃能源科技有限責任公司 Jiangxi Ghina Oil Gangran Energy Technology Company Limited	The PRC/PRC	RMB100,000,000	–	51%	Development and trading of refined oil and chemicals
吉林中油港燃能源開發有限公司 Jilin China Oil	The PRC/PRC	HK$100,000,000	–	100%	Development of liquefied natural gas, compressed natural gas and related clean energy business
High Group Limited	Hong Kong/ Hong Kong	HK$10,000	–	100%	Investment holding

Sun Fair SZ, Sun Fair (Chenzhou) and Jilin China Oil are wholly foreign-owned enterprises established in the PRC.

江西中油 is a sino-foreign equity joint venture established in the PRC.

* Limited Liability Company

43. EVENTS AFTER THE REPORTING PERIOD

(a) On 1 April 2016, the Company entered into a second supplemental agreement ("Second Supplemental Agreement A") with Wong Sze Chung Armstrong ("Vendor") made pursuant to the acquisition agreement and the first supplemental agreement entered on 23 November 2015 and on 28 January 2016 respectively.

As additional time was required to complete the due diligence exercise, the Vendor and the Company entered into the Second Supplemental Agreement A to extend the long stop date from 30 March 2016 to 30 April 2016.

On 4 May 2016, a third supplemental agreement was entered with the Vendor to further extend the long stop date from 30 April 2016 to 30 June 2016.

(b) On 4 May 2016, the Company entered into a second supplemental agreement ("Second Supplemental Agreement B") with Zhang Weihua ("Vendor A") and Wei Yingming ("Vendor B") made pursuant to the acquisition agreement the Company entered into on 5 February 2016.

As additional time was required to complete the due diligence exercise, Vendor A and Vendor B have entered into the Second Supplemental Agreement B to extend the long stop date from 5 April 2016 to 30 June 2016.

44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 17 June 2016.

Financial Summary

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

RESULTS

	For the year ended 31 March				
	2016	2015	2014	2013	2012
	HK$000	HK$000	HK$000	HK$000	HK$000
Revenue	**194,790**	79,627	128,261	157,425	175,498
Loss before income tax	**(121,679)**	(225,327)	(90,872)	(12,824)	(9,486)
Income tax credit/(expense)	**9,514**	5,538	2,002	136	(1,144)
Loss for the year	**(112,165)**	(219,789)	(88,870)	(12,688)	(10,630)
Attributable to:					
Owners of the Company	**(109,552)**	(217,075)	(88,678)	(9,703)	(9,003)
Non-controlling interests	**(2,613)**	(2,714)	(192)	(2,985)	(1,627)
	(112,165)	(219,789)	(88,870)	(12,688)	(10,630)

ASSETS, EQUITY AND LIABILITIES

	For the year ended 31 March				
	2016	2015	2014	2013	2012
	HK$000	HK$000	HK$000	HK$000	HK$000
ASSETS					
Non-current assets	**168,853**	230,455	229,975	28,374	39,091
Current assets	**257,024**	219,491	170,521	77,428	104,157
Total assets	**425,877**	449,946	400,496	105,802	143,248
EQUITY AND LIABILITIES					
Total equity	**215,998**	262,443	222,443	53,955	64,420
Non-current liabilities	**58,934**	102,644	63,429	974	974
Current liabilities	**150,945**	84,859	114,624	50,873	77,854
Total liabilities	**209,879**	187,503	178,053	51,847	78,828
Total equity and liabilities	**425,877**	449,946	400,496	105,802	143,248
Attributable to:					
Owners of the Company	**221,630**	265,456	222,515	53,955	63,585
Non-controlling interests	**(5,632)**	(3,013)	(72)	–	835
	215,998	262,443	222,443	53,955	64,420