

2014 Annual Report



中油港燃能源集團控股有限公司

CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8132

(formerly known as Fairson Holdings Limited)



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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.

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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

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre, 28 Yun Ping Road
Causeway Bay, Hong Kong

STOCK CODE

8132

BOARD OF DIRECTORS

Executive Directors

Mr. Yeung Tin Hung (*Chairman*)
Mr. Yeung Shing Wai
Mr. Ho Chun Kit Gregory

Non-executive Director

Mr. Tse Yee Hin, Tony

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Mr. Yeung Tin Hung (*Chairman*)
Mr. Chan Lung Ming
Mr. Lau Sung Tat, Vincent

REMUNERATION COMMITTEE

Mr. Lau Sung Tat, Vincent (*Chairman*)
Mr. Yeung Tin Hung
Mr. Chan Lung Ming

COMPANY SECRETARY

Miss. Fok Joyce Sing Yan

COMPLIANCE OFFICER

Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Yeung Shing Wai
Miss. Fok Joyce Sing Yan

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

COMPLIANCE ADVISER

Quam Capital Limited
18th Floor, China Building
29 Queen's Road Central
Hong Kong

Chairman's Statement

“Diversifying Business and Moving to a New Page”

Dear Shareholders,

I am pleased to present the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014 (the “Financial Year”) to our shareholders on behalf of the board of directors (the “Board”) of the Group.

During the Financial Year, global economy is under sustained uncertainties which have made negative impact on China's economic performance and activities. Although the GDP of China still kept a moderate-to-high speed of growth, it dropped to a 14-year lowest point. Economic structure was criticized unbalanced and was expected to be adjusted for better performance. In order to reduce the impact of economic instability on the operations of the Group, we have been exploring and seeking opportunities for adding potential and sustainable development to the Group while consolidating our existing businesses.

The Group's development during the Financial Year was encouraging. On the one hand, the existing power and data cord business continued steady development amid robust development and surging opportunities in the telecommunications and smartphone markets of the Greater China. The newly-developed keyboard in medical control device business segment contributed to the Group's revenue in the Financial Year. We expect that the power and data cord business will also continue to make contribution to the Group's income.

On the other hand, the Group further extended its industry chain by expanding its power and data cord business to include mobile game and digital application, so as to diversify its operating risks and optimize revenue structure. In the Financial Year, the Group has acquired the entire issued share capital of 3 Dynamics (Asia) Limited (“3 Dynamics”) for entering the promising market of mobile phone game and digital applications. Although the Chinese market for mobile phone games is still in its nascent stage, it can be foreseen that the development of mobile phone games will continue to escalate as smartphones become even more popular in the country. Highly optimistic about the promising Chinese market, the Group strongly believes that 3 Dynamics will be able to further enhance its profitability.

In the meantime, we have also taken an important step in the history of the Group for developing our business. Natural gas, as a kind of important clean energy, is seen in line with society's fundamental interests and social sustainability. However, supply as well as demands of natural gas fuel in China are expanding concurrently. Based on careful study and thorough discussion, the Group decided to seize the opportunities from the surging clean energy demand in the PRC by extending to the new business areas with promising prospect.

By establishing a joint venture company with Jiangxi Zhongyou Yingtai Natural Gas Limited Liability Company (“Zhongyou Yingtai”) and Zhongwajian Engineering Construction Limited (“Zhongwajian”), the Group became capable to extend its business to the areas of liquefied natural gas (LNG), compressed natural gas (CNG) and related clean energy, thereby diversifying its sources of income, significantly boosting its long-term profitability and increasing the return to its shareholders.

In 2012, central government issued a series of strategic policies to reinforce its environmental and energy strategy, which included *Energy Conservation and Emission Reduction Twelfth Five-Year Plan* (《節能減排十二五規劃》) and *Natural Gas Development Twelfth Five-Year Plan* (《天然氣發展十二五規劃》). The country has started to promote energy conservation and emission reduction as key strategies for the period covered by the 12th Five-Year Plan. In this connection, adjusting the energy structure and encouraging the application of natural gas are among the major initiatives. Natural gas is commonly seen as superior, effective and clean energy. The Group believes that natural gas, being an important component of energy conservation and emission reduction, is in line with the country's future strategic needs as regards energy as well as with the interests of the society and public in general.

Chairman's Statement

Over the past few years, China has implemented various measures for promoting natural gas consumption and the application of natural gas in the water transportation sector, including *Guiding Opinions on Accelerating the LNG Utilization in Waterborne Industry* (《關於加快推進水運行業應用液化天然氣(LNG)的指導意見》) issued by the Ministry of Transport in 2013, and such notices as *Administrative Measures of Standardized Subsidy Fund on Inland Canal Vessel* (《內河船型標準化補貼資金管理辦法》) jointly issued by the Ministry of Finance and the Ministry of Transport in 2014. This brings to light the fact that the country has been gradually enhancing its relevant support, which is beneficial for natural gas enterprises in their pursuit of achieving more substantial returns in future.

To the targeted users of our newly-built business of vessel LNG utilization conversion, the conversion from traditional diesel to LNG can largely cut operational cost, which will motivate vessel owners to employ the Group's advanced utilization conversion service. On the perspective of industry policy, natural gas adoption in water transportation industry is the country's strategic direction so as to protect environment and optimize energy consumption structure. The Group believes that the aforesaid advantageous policies, social conditions as well as the Group's unique patented technologies will enable the Group to conduct its business of vessel LNG utilization conversion successfully, thereby creating value and augmenting its shareholders' gains.

In order to reflect the Groups' strong intention of developing in the energy industry in the PRC, the Group has changed its company name from "Fairson Holdings Limited" to "China Oil Gangran Energy Group Holdings Limited", so as to further boost and enhance the corporate image of the Group.

The Board believes that by leveraging on the combined efforts of its personnel and tapping its spirit of constant innovation, and with the continuous implementation of constructive strategic adjustments, the Group's overall operating performance will progress towards a more favorable direction. Due to its attractive prospects, the Group will focus on accelerating the development of its clean energy business, which will be complemented by such business segments of mobile phone games and data cords, such that the optimized business structure for both the medium and long term can be achieved for maximizing the overall returns and value offered to the Group's shareholders.

Last but not least, on behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all fellow Directors and our staffs for their dedication to the Group's development. I would also like to thank all of our Shareholders and business associates for their continuous support. The Group will continue to strive for sustainable growth in the future.

Yeung Tin Hung
Chairman
27 June 2014

Management Discussion and Analysis

FINANCIAL REVIEW

The Group's turnover for the Financial Year was HK\$128.3 million, representing a decrease of approximately 18.6% from HK\$157.4 million for the comparable period of last year. Such decrease in the turnover was mainly attributable to the decrease in turnover from power and data cords for mobile phones. Because of the increase in the operating costs arising from the Group's proactive expansion of business during the Financial Year, and of the share-based payments arising from the grant of share options to the Group's directors and consultants for the year ended 31 March 2014 (being a non-cash flow item which will not directly impact the Group's cash flows), the Group's loss attributable to the Company's owners rose by 813.9% year-on-year to HK\$88.7 million.

The Board does not recommend to pay dividends for the Financial Year.

BUSINESS REVIEW

During the Financial Year, the Group continued to operate its business of power and data cords in a steadfast manner and its major product categories included: (i) power cords and inlet sockets for household electric appliances, and (ii) power and data cords for mobile phones and medical control devices. Despite the backdrop of a challenging development of the sector, the Group's relevant operations witnessed steady advancement. In order to diversify its operating risks and expand its sources of revenue, the Group continuously and proactively sought to capture a full spectrum of development strategies and investment opportunities. During the Financial Year under review, the Group's business made groundbreaking advances through its acquisition of the entire issued share capital of 3 Dynamics, a company principally engaged in the development of mobile phone games and digital applications (APPs), such acquisition enabling the Group to commence its formal involvement in the highly promising market of mobile phone games.

In addition, in order to seize opportunities in the rapidly-evolving natural gas market in mainland China as well as to optimise the Group's development prospects in a strategic manner, the Group contributed capital in conjunction with two strategic collaborative partners to establish a joint venture in mainland China for conducting the business of LNG, CNG and related clean energy, for which the Group acts as the controlling shareholder and holds a 51%-stake. Symbolising the Group's achievement of a new milestone, such joint venture project enabled the Group to participate in the up-and-coming Chinese natural gas market and served to define its future direction of development. The Group will continue to broaden its development in the natural gas market in mainland China.

Regarding the Group's operational structure, Hong Kong and mainland China remained to be the major markets for its business, with the aggregate turnover from these two regions accounting for approximately 65% (2013: approximately 83%) of the Group's total turnover. The turnover from other overseas markets, including the United States, accounted for approximately 35% (2013: approximately 17%) of the total turnover.

Power and Data Cords Business

Power Cords and Inlet Sockets for Household Electric Appliances

Turnover from power cords and inlet sockets for household electric appliances was approximately HK\$36 million (2013: approximately HK\$26 million), representing a year-on-year increase of approximately 37.3%.

The Group's power cords and inlet sockets used in household electric appliances received safety approvals and/or certificates in many countries, many of which also received eleven types of international safety standards. The Group believes that the high standard of these products can fulfill the expectations and requirements of customers and benefit the Group's business expansion in the long run.

Management Discussion and Analysis

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 and recorded a year-on-year decrease of 28.5% to HK\$70.7 million (2013: approximately HK\$99 million).

The power and data cords for mobile phones are generally used for power charging and data transfer and are essential accessories for all mobile handsets. The enormous demand for telecommunication devices, especially in the PRC, facilitated the Group to produce power and data cords of different specifications, including high speed USB connectors and data cord products, which can support higher data transmission speeds and better audiovisual output quality. All our devices conform with the standards of mobile handset designs set by USB Implementers Forum, Inc.

For the Financial Year under review, the Group's turnover from power and data cords for medical control devices was approximately HK\$21.3 million (2013: approximately HK\$19.2 million), representing a year-on-year increase of approximately 11%.

The power and data cords for medical control devices are multi-functional products which are mainly exported to a customer in the United States. The devices are then used for further assembly and are processed into final products (which include keyboard, pillow speakers, bed controls, bed cables and call cords to be sold to hospitals and clinics). The keyboard products newly introduced in the Financial Year became a new source of the Group's revenue within this segment.

Acquisition of a Subsidiary

During the Financial Year, the Group acquired the entire issued share capital of 3 Dynamics in the hope of thus gaining entry into the market of mobile phone games and digital applications with considerable prospects, and of optimising the Group's revenue base through an adjustment to its revenue structure. On 21 November 2013, Dynamic Miracle Limited (the "Purchaser", a wholly-owned subsidiary of the Group) and Mr Chung Wai Sum (the "Vendor") entered into a sale and purchase agreement, pursuant to which the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor, at an aggregate consideration of HK\$170 million, such sale shares as representing the entire issued share capital of 3 Dynamics. The completion date of such acquisition is 31 December 2013.

The Group is optimistic about the operational prospects of 3 Dynamics and is of the view that the acquisition will enable it to further enhance its profitability. The consideration for the acquisition was arrived at upon careful consideration by both the Purchaser and the Vendor, taking into such factors including: (i) the valuation report dated 19 November 2013 prepared by the valuer showing that the market value of 3 Dynamics was approximately HK\$175.2 million as at 15 November 2013 based on the discounted cash flow method under the income approach; (ii) the profit guarantee, under which the provision that the after-tax net profits of 3 Dynamics for the 12 months from the date of acquisition would not be less than HK\$42 million had to be satisfied by the Vendor for the obtaining of the 28 million shares of the Company against the consideration for the acquisition; and (iii) the Group's expectation of the Vendor company's business and growth prospects after the acquisition.

Management Discussion and Analysis

3 Dynamics recently expanded its scope of business to include the provision of design and development services for mobile games featuring popular animation and comics characters in China. It has entered into a cooperation agreement with a professional 3D animation studio (the “Animation Studio”), pursuant to which: (i) the Animation Studio would exclusively licence to, and provide for, 3 Dynamics animation productions and cartoon characters; and (ii) 3 Dynamics would develop and produce mobile phone games by using such materials and the Animation Studio would act as the exclusive global distributor for such game products, with a term of five years which would be renewable for another 5 years. The Animation Studio is licensed to produce broadcast and television programmes in China, and is also registered to produce and distribute television and animation programmes in China. It has already completed the creation of over 32,000 minutes of original 3D animation productions and owns hundreds of patented cartoon characters and productions, with such productions having been broadcasted on China Central Television and over 70 major television channels in China.

Established in 2004 and incorporated in Hong Kong, 3 Dynamics is principally engaged in the development of mobile phone games and digital applications (APPs). The 3G game products created by 3 Dynamics have been granted awards from the Hong Kong Wireless Technology Industry Association as well as the HKICT Awards 2006. As of 2009, 3 Dynamics had successfully developed and sold globally more than 60 mobile applications, which were compatible with various platforms and came with different language versions.

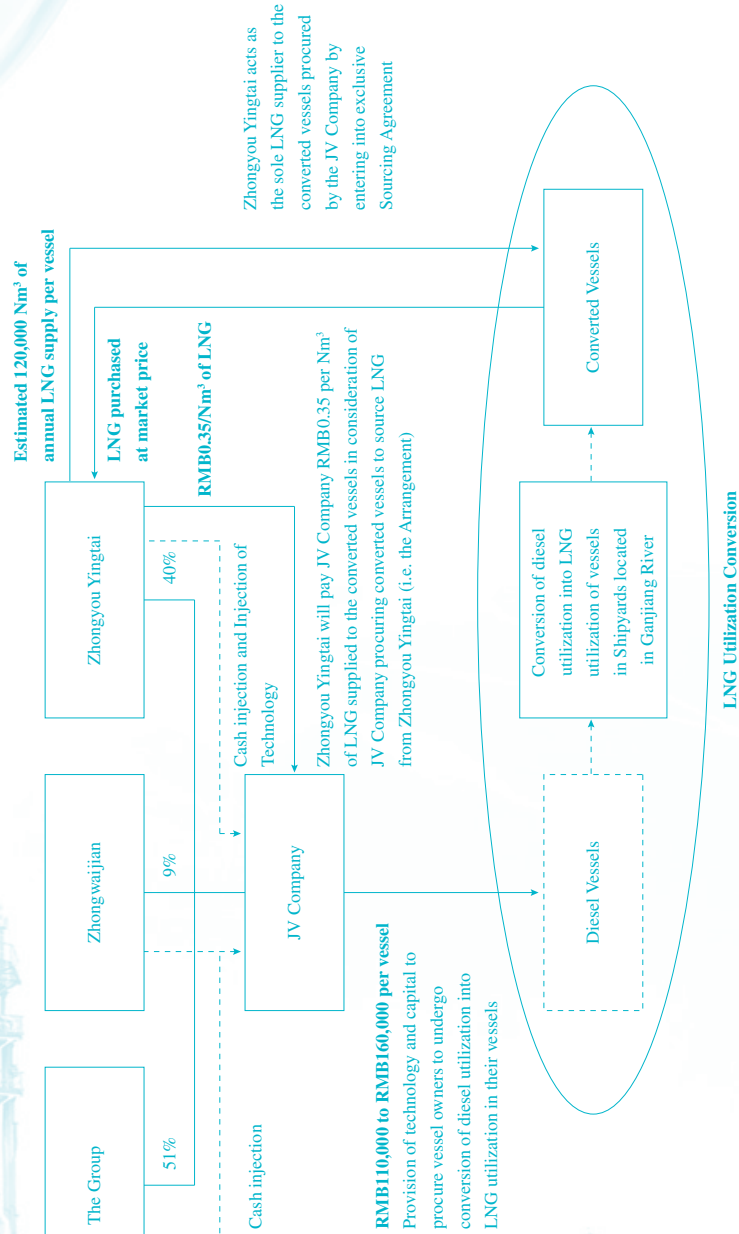
Formation of a Joint Venture Company for Developing Natural Gas and Clean Energy Business

On 6 September 2013, the Group entered into a joint venture agreement (the “JV Agreement”) with Zhongyou Yingtai and Zhongwajian, pursuant to which: (i) a joint venture company, (namely Jiangxi China Oil Gangran Energy Technology Company Limited (江西中油港燃能源科技有限責任公司)) (the “JV Company”) would be jointly established for developing the businesses of LNG, CNG and related clean energy, including but not limited to the conversion of traditional oil fuel utilization to LNG utilization by vessels for water transportation (“Vessel LNG Utilization Conversion”); and (ii) Zhongyou Yingtai will inject technologies into the JV Company. The registered capital of the JV Company will be RMB100 million (equivalent to approximately HK\$125.6 million), and its capital will be contributed to, and its interests will be owned, by the Group, Zhongyou Yingtai and Zhongwajian as to 51%, 40% and 9% respectively.

As set out in the announcement of the Group dated 27 January 2014, the JV Company was established in Jiangxi province under the name of Jiangxi China Oil Gangran Energy Technology Company Limited, and obtained a business licence with a term of 30 years. The term of the JV Agreement will be subject to extension in the discretion of the board of directors of the JV Company 6 months prior to the expiry of the JV Agreement.

Management Discussion and Analysis

The following flow chart illustrates the business model of the JV Company:



Management Discussion and Analysis

The JV Company will provide service to vessel owners to convert traditional diesel utilization to LNG utilization by vessels. The JV Company will enter into Conversion Agreement with vessel owners in relation to the Conversion and as a condition of the Conversion Agreement, the vessel owners shall also enter into the Sourcing Agreement with Zhongyou Yingtai pursuant to which the vessel owners shall source exclusively from Zhongyou Yingtai and Zhongyou Yingtai shall supply LNG to the converted vessels. In other words, it comes in a package that the vessel owners have to enter into both Conversion Agreement and Sourcing Agreement in order to obtain the service of Conversion from the JV Company. Although Zhongyou Yingtai briefly communicated with various vessel owners in the Ganjiang River area with respect to the business model of the JV Company during its feasibility study, as the JV Company is only recently established, no Sourcing Agreements or written arrangements have been signed with the vessel owners as at the Latest Practicable Date.

The average lifespan of a vessel is 20 to 30 years. To maximize the profit to be generated from the provision of LNG to the vessels, the JV Company and Zhongyou Yingtai intend to enter into Conversion Agreements and Sourcing Agreements respectively with relatively younger vessels for a term of over 20 years. Under the JV Agreement, the JV Company will also enter into the Arrangement with Zhongyou Yingtai, pursuant to which Zhongyou Yingtai shall pay the JV Company RMB0.35 (equivalent to approximately HK\$0.44) per Nm³ of LNG supplied by Zhongyou Yingtai to the converted vessels under Zhongyou Yingtai's Sourcing Agreements with the vessel owners, for a term of 30 years.

The cost of Conversion shall be borne jointly by the JV Company and the vessel owners, as such the provision of Conversion service is not a source of revenue for the JV Company. The JV Company derives its revenue from the Arrangement which in turn correlates with the Sourcing Agreement. The more LNG Zhongyou Yingtai supplies to the vessel owners under the Sourcing Agreement, the more revenue will the JV Company obtain from the Arrangement. Therefore, to secure a stream of revenue for the JV Company, the JV Parties intended that Zhongyou Yingtai would enter into Sourcing Agreements with vessel owners for a long period depending on the circumstances (including but not limited to the life span of the vessels) and Zhongyou Yingtai would enter into the Arrangement with the JV Company for a term of 30 years (which commensurate with term of the JV Company) to enable the JV Company to indirectly capture revenue from the Sourcing Agreement during the term of the JV Company. As the payback period of the JV Company is estimated to be 2.4 years to 3.7 years (as described in the section "Continuing Connected Transaction" in the Group's circular dated 28 February 2014), the Board believes that the revenue model of the JV Company, which involves the vessel owners signing contracts with terms significantly longer than the aforementioned payback period, is in the interest of the Company and the Shareholders.

Reasons for Establishing the JV Company and Injecting Technology

The Group is principally engaged in: (i) the manufacturing and sales of power and data cords for mobile phones and medical control devices; the manufacturing and sales of power cords and inlet sockets for household electric appliances; and (ii) the development of digital applications, including but not limited to handheld game consoles, mobile game applications and digital marketing solutions. Upon the establishment of the JV Company, the Group's business will be diversified such that it will include the conversion of vessels from conventional diesel utilization to LNG utilization in the water transportation industry. The Group does not intend to dispose of its existing businesses.

With support from China's policies for the development of the energy-saving and environmental protection sector (including but not limited to the 12th Five-Year Plan and the Guiding Opinions), it is expected that clean energy (such as natural gas) consumption in industrial, civil, transportation and other fields will increase, and that LNG, CNG and related clean energy will enjoy bright prospects in the market of sustainable development.

Management Discussion and Analysis

Given that the Board is optimistic about the development of China's natural gas sector and, in particular, the business potential offered by the LNG business in the Gan River watershed, the directors believe that the Group will leverage on the network and expertise of Zhongyou Yingtai for developing a conversion business with a high threshold of entry. Besides, Zhongyou Yingtai has established LNG storage facilities and an LNG transportation system in Jiangxi province, and has also built strong business relationships with China's LNG suppliers, LNG-fuelled vessels and other LNG clients, which is conducive to creating synergy for the conversion business of the JV Company. Since there is currently no competitor in the Gan River region, the Board is of the view that a great opportunity now presents itself for entering the conversion business market of Jiangxi province.

In addition, the JV Company will become the owner of the technology which is essential for conducting its business of vessel LNG utilization conversion. The Board also believes that the formation of the JV Company will enable the Group to diversify its sources of revenue and enhance its long-term profitability. Based on the above, the Board is of the view that the terms of the JV Agreement, the formation of the JV Company and the injection of the technology are fair and reasonable, and are in line with the interests of the Group and its shareholders in general.

CHANGE OF COMPANY NAME AND WEBSITE

In order to better reflect the Group's corporate image of devoting itself to business expansion to the field of natural gas and clean energy, as well as the advantages attained by the Group through its collaboration with leading, professional natural gas operator in mainland China, the Group's English name will be officially changed from "Fairson Holdings Limited" to "China Oil Gangran Energy Group Holdings Limited" effective from 23 April 2014, and "中油港燃能源集團控股有限公司" has already been adopted as the Group's Chinese name for replacing the former "鈺皓控股有限公司".

The English stock short name of the shares traded on the Stock Exchange will be changed from "FAIRSON HLDGS" to "CHINA OIL GANGRAN" and the corresponding Chinese stock short name will be changed from "鈺皓控股" to "中油港燃", in each case effective from 9 a.m. on 5 May 2014. The stock code of the Group on the Stock Exchange will remain unchanged.

Effective from 23 April 2014, the Group's websites changed from "<http://www.sunfairw.com.hk>" and "<http://www.irasia.com/listco/hk/fairson>" to www.chinaoilgangran.com and <http://chinaoilgangran.todayir.com>, in order to reflect the change of the Group's name.

The Board believes that the change of the Group's name and its websites will be conducive to a better communication between the Group and the investment community, society, government and its other collaborative partners, as well as to defining the Group's direction of strategic development.

OUTLOOK

During the Financial Year under review, despite the fierce competition in the sector in which the Group operated, it consistently conducted its business in a steadfast manner, and cautiously reviewed and, by seizing the opportune moment, expanded its scope of business. The power and data cords business, of which the operating performance remained steady during the Financial Year, will continue to contribute to the Group's revenue in future.

Management Discussion and Analysis

In 2013, China's market of mobile phone games was in boom and the actual sales revenue from the entire mobile games market reached RMB11.24 billion, representing a year-on-year increase of 246.9%. Although the China market of mobile phone games is still in its nascent stage, it can be foreseen that the development of mobile phone games will continue to grow as smartphones are gaining further popularity in the country, and the Board is optimistic about the Chinese market of mobile phone games which shows tremendous potential. 3 Dynamics, in which the Group successfully acquired the entire interests during the Financial Year, has sophisticated experience in developing games, owns a vast array of cartoon character resources and is supported by its strong distributor partners, and hence the Board believes that the Group's profitability can be further enhanced through 3 Dynamics.

On the other hand, judging from the *Energy Conservation and Emission Reduction Twelfth Five-Year Plan* (《節能減排十二五規劃》) promulgated by the State Council of China, the country has started to promote energy conservation and emission reduction as key strategies for the period covered by the 12th Five-Year Plan. In this connection, adjusting the energy structure and encouraging the application of natural gas are among the major initiatives. The National Energy Administration estimates that China's natural gas consumption will have reached 230 billion cubic metres in 2015 (compared with the apparent consumption of 167.6 billion cubic metres in 2013). The Group believes that natural gas, being an important component of energy conservation and emission reduction, is in line with the country's future strategic needs as regards energy as well as with the interests of the society and public in general.

Over the past few years, China has implemented various measures for promoting natural gas consumption and the application of natural gas in the water transportation sector, including the *Guiding Opinions on Accelerating the LNG Utilization in Waterborne Industry* (《關於加快推進水運行業應用液化天然氣(LNG)的指導意見》) issued by the Ministry of Transport in 2013, and such notices as *the Administrative Measures of Standardized Subsidy Fund on Inland Canal Vessel* (《內河船型標準化補貼資金管理辦法》) jointly issued by the Ministry of Finance and the Ministry of Transport in 2014. This brings to light the fact that the country has been gradually enhancing its relevant support, which is beneficial for natural gas enterprises in their pursuit of achieving more substantial returns in future.

The Group has been proactively developing its business of vessel LNG utilization conversion. Not only is this in line with China's strategic needs in such areas as conserving energy, reducing emissions and promoting the application of natural gas, but the relevant patented conversion technology can also bring positive economic benefits to the vessel owners and users. The Group believes that the aforesaid advantageous policies, social conditions as well as the Group's unique patented technology will enable the Group to conduct its business of vessel LNG utilization conversion successfully, thereby creating value and augmenting its shareholders' gains. On this basis, the Group will also continue to expand its scope of business in the field of clean energy, strengthening its position in the energy sector and enhancing its business income.

The Group believes that by leveraging on the combined efforts of its personnel and tapping its spirit of constant innovation, and with the continuous implementation of constructive strategic adjustments, the Group's overall operating performance will progress towards a more favourable direction. Due to its attractive prospects, the Group will focus on accelerating the development of its clean energy business, which will be complemented by such business segments as mobile phone games and data cords, such that the optimised business structure for both the medium and long term can be achieved for maximising the overall returns and value offered to the Group's shareholders.

Management Discussion and Analysis

POTENTIAL ACQUISITION ACTIVITIES

During the Financial Year, the Group keenly searched for business expansion opportunities so as to achieve the aims of business diversification and revenue structure optimisation, thereby enhancing the shareholders' gains. Apart from the recently developed natural gas business in the market of Jiangxi province, the Group also kept abreast of other opportunities in the energy sector. On 10 January 2014, the Group entered into a memorandum of understanding with Mr Wu Zhi Qiang (the "Vendor"), pursuant to which the Vendor proposed to sell and the Group proposed to purchase all the issued shares in Jian Long Da Holdings Limited (the "Target Company"), which was an investment holding company. On 17 September 2013, the Target Company entered into a framework agreement with the People's Government of Wangdu county, Hebei province, pursuant to which, for a term of 30 years, the Target Company will establish a project company in China, and the People's Government of Wangdu county, Hebei province will grant to such project company the exclusive right to construct and operate centralised heating facilities in Wangdu county, Hebei province.

Pursuant to the memorandum of understanding, the Vendor will not (and will cause its agents and consultants not to) negotiate, directly or indirectly, any sale or transfer of any of the shares in or material assets of the Target Company with any third party during the exclusivity period. A formal agreement will be entered into by the parties within 7 days upon the Group's completion of its due diligence on the Target Company (with the results of which the Group shall be satisfied). The exclusivity period refers to the 9-month period from the date of the memorandum of understanding.

Pursuant to the memorandum of understanding, the Group would pay to the Vendor a deposit in the amount of HK\$15 million as earnest money. A deed of charge, as the security for the deposit, was entered into by the Vendor (as the chargor) in favour of the Group (as the chargee) on 10 January 2014. The payment of the deposit by the Group was an indication of its interest in and intention of effecting the proposed acquisition. The Board hereby emphasises that as of the date hereof, the Group and the Vendor have not agreed on the detailed terms of the proposed acquisition (including the amount and means of payment for the consideration). The Board is of the view that the proposed acquisition represents for the Group an opportunity to participate in China's centralised heating market, and that it will further enhance the Group's investment portfolio and future earnings.

FUNDRAISING ACTIVITIES

During the Financial Year, the Group's Board formulated strategic plans for business expansion, including but not limited to those for entering the highly promising natural gas market in mainland China and acquiring a developer of mobile phone games and digital applications. In order to meet its needs of business development, the Group successfully effected a number of fundraising activities during the Financial Year, which reflected investors' strong confidence in the Group's future development. During the Financial Year, the Group effected altogether seven fundraising activities, of which five were completed successfully.

On 4 July 2013, the Group issued 110 million placing shares at HK\$0.12 per placing share, which generated net proceeds of approximately HK\$12.8 million. On 30 August 2013, the Group successfully effected a placing of its promissory notes, which generated net proceeds of HK\$27.5 million. On 2 December 2013, the Group completed a placing of new shares, which generated net proceeds of approximately HK\$17.4 million.

On 24 January 2014, the Group completed an issuance of convertible bonds, which generated net proceeds of approximately HK\$55 million, of which RMB35 million (equivalent to approximately HK\$45.4 million) has already been used as partial contribution to the registered capital of the JV Company of the Group in China (as set out in the Group's announcement dated 16 September 2013). On 20 March 2014, the Group completed an issuance of convertible bonds, which generated net proceeds of approximately HK\$15.4 million.

Saved as disclosed above, the Company also effected 10 private subscription of promissory notes from July 2013 to March 2014. The aggregate proceeds raised from such subscription of promissory notes amounted to HK\$83,580,000 and the maturity date ranges from 1 year to 7 years. All the subscribers are to the best knowledge and belief of the Directors independent third parties.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company at the time of its listing on GEM on 18 May 2011 through a placement of 165,000,000 ordinary shares of HK\$0.001 each in the share capital of the Company at the price of HK\$0.30 per share, after deduction of the related underwriting fees and issuance expenses paid by the Company in connection thereto, were approximately HK\$29.6 million (the "IPO proceeds"). Details of the utilization of the IPO proceeds in comparison to that envisaged in the prospectus of the Company dated 6 May 2011 (the "Prospectus") are as follows:-

	Proposed total use of proceeds as stated in the Prospectus HK\$'000	Proposed use of proceeds up to 31 March 2014 HK\$'000	Actual use of proceeds up to 31 March 2014 HK\$'000
Construction of new production plant and enhancement of production utilization (Note)	23,000	–	–
Product development	3,000	3,000	3,000
Expansion of market coverage	2,000	2,000	2,000
Sub-total	28,000	5,000	5,000
Working capital (Note)	1,600	24,600	24,600
Total	29,600	29,600	29,600

Note: In order to increase the Group's financial flexibility and better utilize the financial resources of the Group in preparation for the uncertain financial and economic environment, the Group announced on 8 November 2011 and 19 September 2012 respectively to adjust the proposed use of net proceeds from the placing of shares of the Company as previously set out in the Prospectus. Part of the net proceeds of approximately HK\$23 million was adjusted, as stated in the relevant announcements and retained as working capital of the Group and for the expansion of the domestic sales channel in the PRC and other overseas regions, especially Southeast Asia. The Group believes that such expansion in the clientele and marketing network would help to increase the profitability of the Group.

Management Discussion and Analysis

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the Financial Year.

Business plan up to 31 March 2014 as set out in the Prospectus

Actual business progress up to 31 March 2014

1. Construction of new production plant and enhancement of production capability

- | | | |
|----|---|---|
| a. | Apply for hi-tech enterprise qualifications | The Group's PRC subsidiary was granted the hi-tech enterprise qualifications in the PRC in November 2012 |
| b. | Establish product development for mini-HDMI data cord | The Group performed the feasibility study work on mini HDMI data cord and concluded to cease the product development in the Financial Year of 2013 due to fierce market competition and the slim profitability of this business contributing to the Group |
| c. | Finalise location of new production facility | The Group entered into a rental agreement in August 2012 for the leasing of a production plant in Hunan Province in the PRC, rather than to construct its own production plant, which will substantially lower the financial burden of the Group as to the capital commitment for such construction |
| d. | (i) Lease production premises from Bao Xing and relocate assembly function of medical control devices | The Group decided to use its own existing premises, and plant and machinery, if required to make the new automated machinery, for production to reduce the costs of the Group |
| | (ii) Relocate wire stranding machinery to new production facility | |
| | (iii) Install new wire extrusion machinery in new production facility | |

Management Discussion and Analysis

Business plan up to 31 March 2014 as set out in the Prospectus

Actual business progress up to 31 March 2014

2. Development, manufacture and sale of new products

- | | | |
|----|--|--|
| a. | Develop micro-USB power and data cord with higher transmission speed | The Group developed and produced different specifications of mobile handset power and data cord products with micro-A and micro-B USB connectors, which facilitated a higher data transmission speed and audiovisual output quality, during the Financial Year of 2012 |
| b. | Establish product development for mini-HDMI data cord | The Group performed the feasibility study work on mini-HDMI data cord and concluded to cease the product development during the Financial Year of 2013 due to fierce market competition and the slim profitability of this business contributing to the Group |

3. Expansion in clientele and sales network

- | | | |
|----|---|---|
| a. | Expansion of sales department for mobile handset related products | The Group expanded the sales department for mobile handset related products during the Financial Year of 2012 |
| b. | Development of other mobile handset brands | The Group continues to develop other mobile handset brands to meet market demand and competition |
| c. | Commence marketing and sales of mini-HDMI data cord and micro-USB power and data cord | As product development for the mini-HDMI data cord ceased, the Group commenced marketing and sales of micro-USB power and data cord during the Financial Year of 2012 |
| d. | Participate in trade fairs and exhibitions in the PRC and Hong Kong | The Group had participated in trade fairs and exhibitions in the Southeast Asia |
| e. | Commence establishment of a domestic sales channel in the PRC | The Group established the domestic sales channel in the PRC in the Financial Year of 2012 |

Management Discussion and Analysis

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("2014 Annual General Meeting") will be held on Thursday, 31 July 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the 2014 Annual General Meeting, the register of members of the Company will be closed from Friday, 25 July 2014 to Thursday, 31 July 2014, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's 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, by no later than 4:30 p.m. on Thursday, 24 July 2014.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2014, the Group employed 539 (2013: 808) full time employees mainly in the PRC and Hong Kong. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and the individual's qualifications and performance. Employee benefits include the mandatory provident fund scheme for Hong Kong employees and central pension schemes operated by the local municipal governments for employees in the PRC. The Group also provides training programs for its employees to equip themselves with the requisite skills and knowledge and offer a share option scheme to recognise the employees who make significant contributions to the Group.

Total staff costs (including Directors' remuneration) for the Financial Year amounted to approximately HK\$67.5 million (2013: approximately HK\$39.8 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2014, the indebtedness of the Group was approximately HK\$115.8 million (2013: approximately HK\$6.7 million). The borrowings are denominated in Hong Kong dollars. Details of the maturity profile of the borrowings of the Group are set out in note 29, 30 and 31 to the financial statements. The Group had bank and cash balances of approximately HK\$91.2 million (2013: approximately HK\$12.7 million).

As at 31 March 2014, the Group's trade receivables was approximately HK\$25.7 million (2013: approximately HK\$42.2 million), representing approximately 20% (2013: approximately 27%) of the Group's turnover of approximately HK\$128.3 million (2013: approximately HK\$157.4 million) for the Financial Year. The Group adopted a stringent credit policy to minimize credit risk.

As at 31 March 2014, the ratio of current assets to current liabilities of the Group was approximately 1.49 (2013: approximately 1.52).

Details of the capital structure of the Company as at 31 March 2014 are set out in note 34 to the financial statements.

Commitments of the Group as at 31 March 2014 are set out in note 41 and 42 to the financial statements.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group operates mainly in Hong Kong and the PRC and is exposed to minimal foreign exchange risks arising from various currency exposures, primarily with respect to the Renminbi ("RMB") and United States dollar ("US\$"). The Group mitigates these risks by maintaining HK\$, US\$ and RMB bank accounts to pay for the transactions denominated in these currencies respectively. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 31 March 2014, the Group's following assets are pledged to secure its bank borrowings:

- a) The Group's leasehold land and buildings with an aggregate carrying value of approximately HK\$4,304,000 (2013: approximately HK\$4,433,000);
- b) Pledge of the Group's bank deposits with an aggregate carrying value of HK\$Nil (2013: approximately HK\$1,511,000); and
- (c) Corporate guarantees provided by the Company.

SIGNIFICANT DISPOSALS

Save as disclosed above, 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.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 March 2014 (2013: HK\$Nil).

SEGMENT INFORMATION

Details of the segment information are set out in note 9 to the financial statements.

Report of the Directors

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

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 44 to the financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 9 to the 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 37 and 38.

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 41, and note 36 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 34 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2014 amounted to approximately HK\$88.8 million (2013: approximately HK\$24 million), calculated under the Companies Law of the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2014 are set out in notes 44 to the consolidated financial statements on pages 100 to 103.

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 LISTED SECURITIES

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

The Company had issued and granted convertible securities and options 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 104 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 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. 550,000,000, 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 (as defined under the GEM Listing Rules), 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.

Report of the Directors

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 associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS

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

Executive Directors

Mr. Yeung Tin Hung	<i>(Chairman)</i>
Mr. Yeung Shing Wai	
Mr. Chen Tian Gang	<i>(retired at 2013 AGM)</i>
Mr. Ho Chun Kit Gregory	<i>(appointed on 8 May 2013)</i>

Non-executive Director

Mr. Wong Chi Yung	<i>(resigned on 20 December 2013)</i>
Mr. Tse Yee Hin, Tony	<i>(appointed on 10 January 2014)</i>

Independent Non-executive Directors

Ms. Eugenia Yang	<i>(appointed on 1 August 2013)</i>
Mr. Chan Kai Wo	<i>(resigned on 14 August 2013)</i>
Mr. Chan Lung Ming	<i>(appointed on 30 August 2013)</i>
Mr. Ng Ka Chung	<i>(appointed on 30 August 2013)</i>
Mr. Chua Hoon Chong	<i>(resigned on 31 October 2013)</i>
Mr. Lau Sung Tat, Vincent	<i>(appointed on 31 October 2013)</i>
Mr. Li Hin Lung	<i>(resigned on 30 November 2013)</i>

In accordance with Article 84 of the Company's Articles of Association, Mr. Yeung Tin Hung, Mr. Yeung Shing Wai, Mr. Ho Chun Kit Gregory, Mr. Tse Yee Hin, Tony, Ms. Eugenia Yang, Mr. Chan Lung Ming, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent will retire by rotation at the 2014 Annual General Meeting and, being eligible, offer themselves for re-election.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2014 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' INTERESTS IN CONTRACTS

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 14 to the consolidated financial statements on pages 73 to 75 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. Yeung Tin Hung, aged 58, has been an Executive Director and the Chairman since 25 June 2010. Mr. Yeung Tin Hung has accumulated over 25 years of experience in the power and data cord industry. From 1982 to 1987, he worked at Ming Tak Electrical Co (which was principally engaged in the manufacture of power cords) and was responsible for the management and production. He then set up Sun Fair Electric Wire & Cable Company Limited in 1990 and was responsible for production management and products engineering and development.

Mr. Yeung Shing Wai, aged 29, has been an Executive Director since 23 November 2010. He is also the compliance officer and authorised representative of the Company in compliance with the GEM Listing Rules. He is currently the senior manager for the power and data cord business of the Group and has been responsible for the management of finance, sales and marketing for the power and data cord business of the Group since February 2009. Mr. Yeung Shing Wai has about nine years of experience in the power and data cord industry since he joined the Group in 2004. He served as a manager in the sales and marketing department of the Group from January 2004 to February 2009. Mr. Yeung Shing Wai is the son of Mr. Yeung Tin Hung.

Mr. Ho Chun Kit Gregory, aged 36, has been an Executive Director since 8 May 2013. He 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.

Report of the Directors

Non-executive Director

Mr. Tse Yee Hin, Tony, aged 45, holds a Bachelor of Science degree with honors in Finance and Accounting from University of Salford, United Kingdom and a degree in Executive Master of Business Administration from Richard Ivey School of Business, The University of Western Ontario, Canada. Mr. Tse is a member of each of Illinois CPA Society, American Institute of Certified Public Accountants, Institute of Accountants Exchange, Hong Kong Securities and Investment Institute and Hong Kong Securities Professionals Association. Mr. Tse is also an associate member of the Chartered Institute of Management Accountants of the United Kingdom and Hong Kong Institute of Certificate Public Accountants. Mr. Tse has over 18 years of experience in corporate finance and accounting and has worked for several international accounting firms, investment banks and The Stock Exchange of Hong Kong Limited. Mr. Tse is currently the Director of Corporate Finance of SinoPac Securities (Asia) Limited and is its principal under the sponsor regime. Mr. Tse is a responsible officer licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities.

Independent Non-executive Directors

Ms. Eugenia Yang, aged 37, is a practicing barrister in Hong Kong. She is a member of HKICPA and a member of CPA Australia. 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.

Mr. Chan Lung Ming, aged 37, 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. Ng Ka Chung, aged 57, 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 (Code: 996) since 2006, and was an independent non-executive director of China Billion Resources Limited (Code: 274) from 7 January 2011 to 27 January 2011. 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 56, is a visiting Professor of Accounting and Finance by the Research Institute of Economics of Shenzhen University in Shenzhen, China. His professional qualification includes 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, honorary fellow member of The American Management Institute in United States, fellow member of Association of Certified Public Accountants, fellow member of The American Computer Society, and associate member of Montana Society of Certified Public Accountants in United States.

Report of the Directors

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2014, the interests or short positions of the Directors, chief executives of the Company or their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are or 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 are as follows:

(i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Mr. Yeung Tin Hung	Interest in a controlled corporation	2,839,700,000	39.09%

(ii) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of securities held	Percentage of shareholding in the Company
Mr. Yeung Tin Hung	Race Champion Holdings Limited	Interest in a controlled corporation	2 shares	100%

Saved as disclosed above, as at 31 March 2014, none of the Directors, 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.

Report of the Directors

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 2014, the following 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:

Long positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Race Champion Holdings Limited	Interest in a controlled corporation	2,839,700,000	39.09%
Fairson Holdings (BVI) Limited	Registered owner	2,839,700,000	39.09%

SHARE OPTION SCHEME

Particulars of the options to subscribe for Shares granted to the Directors pursuant to the Share Option Scheme as at 31 March 2014 are set out below:

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. Yeung Shing Wai	Beneficial owner/ personal	17 September 2013	HK\$0.218	17 September 2013 – 16 September 2023	55,000,000
Mr. Ho Chun Kit Gregory	Beneficial owner/ personal	17 September 2013	HK\$0.218	17 September 2013 – 16 September 2023	55,000,000

INTERESTS OF OTHER PERSONS

So far as is known to any Directors or chief executive of the Company, as at 31 March 2014, no person other than the Directors and substantial shareholders, whose interests are set out above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded 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.

CHARTIABLE DONATIONS

During the Financial Year, the Group made no charitable donations (2013: HK\$10,000).

Report of the Directors

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	28%
– five largest suppliers in aggregate	57%
Sales	
– the largest customer	19%
– five largest customers in aggregate	73%

None of the Directors, their 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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.

CONNECTED TRANSACTIONS

The related parties transactions entered into by the Group during the Financial Year is disclosed in notes 14 and 39 to the financial statements.

To the best knowledge of the Directors, no other connected transactions entered into during the Financial Year fall under the definition of connected transactions under 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, the compliance adviser and the substantial Shareholders of the Company or their respective 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.

Report of the Directors

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.

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 45 to the financial statements.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Quam Capital Limited ("Quam"), the compliance adviser of the Company, neither Quam nor any of its directors, employees or associates (as referred to in Rule 6A.32 of the GEM Listing Rules) had any interests in the securities of the Company, or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company as at 31 March 2014. Pursuant to the compliance advisory agreement dated 6 May 2011 entered into between Quam and the Company, Quam has received and will receive fees for acting as the compliance adviser of the Company.

MATERIAL LEGAL PROCEEDINGS

As at 31 March 2014, 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

On 26 September 2013, Zhonghui ANDA CPA Limited, auditors of the Company for the year ended 31 March 2013 resigned and RSM Nelson Wheeler has been appointed as auditors of the Company on 16 October 2013. The financial statements for the Financial Year have been audited by RSM Nelson Wheeler who will retire and, being eligible, offer themselves for re-appointment in the 2014 Annual General Meeting.

On behalf of the Board

Yeung Tin Hung

Chairman

Hong Kong, 27 June 2014

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").

During the Financial Year, the Company had complied with the code provisions in the CG Code with the exception of the CG Code provision A.2.1 and A.6.7. Details of such deviation will be explained below.

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 monitoring 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 Non-executive Director and 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 requires 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 organization changes, approval of the annual report, 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 meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have 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.

Corporate Governance Report

Board Composition

The Board currently comprises three executive Directors, one Non-executive Director and four Independent Non-executive Directors. During the Financial Year, the Board held forty one meetings. Individual attendance of each Board member at the board meetings and general meeting held during the Financial Year is as follows:

Name		Attended/eligible to attend Board meeting	Attended/eligible to attend general meeting
Executive Directors			
Mr. Yeung Tin Hung	<i>(Chairman)</i>	32/41	1/1
Mr. Yeung Shing Wai		37/41	1/1
Mr. Chen Tian Gang	(resigned at 2013 AGM)	0/41	0/1
Mr. Ho Chun Kit Gregory	(appointed on 8 May 2013)	41/41	1/1
Non-executive Director			
Mr. Wong Chi Yung	(resigned on 20 December 2013)	20/41	0/1
Mr. Tse Yee Hin, Tony	(appointed on 10 January 2014)	4/41	1/1
Independent non-executive Directors			
Mr. Li Hin Lung	(resigned on 30 November 2013)	10/41	0/1
Mr. Chan Kai Wo	(resigned on 14 August 2013)	2/41	0/1
Mr. Chua Hoon Chong	(resigned on 31 October 2013)	16/41	0/1
Ms. Eugenia Yang	(appointed on 1 August 2013)	19/41	1/1
Mr. Chan Lung Ming	(appointed on 30 August 2013)	19/41	1/1
Mr. Ng Ka Chung	(appointed on 30 August 2013)	21/41	1/1
Mr. Lau Sung Tat, Vincent	(appointed on 31 October 2013)	19/41	1/1

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 Independent Non-executive Directors, together with the Executive Directors and Non-executive Director, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards and that appropriate systems are in place to protect the interests of the Company and its Shareholders.

The term of appointment of each Non-executive Director is for a period of 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 and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Messrs. Chua Hoon Chong and Chan Kai Wo, both being the Independent Non-executive Directors, did not attend the Company's annual general meeting during the Financial Year due to their other unexpected business engagement.

The biographical details of the Directors are set out in the section "Biographical Details of Directors" in the Report of the Directors of the Report. Their relationships are as follows: Mr. Yeung Shing Wai is the son of Mr. Yeung Tin Hung.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The CG Code provision A.2.1 stipulates that the roles of the chairman of the Board (the “Chairman”) and the chief executive officer (the “CEO”) should be separate and should not be performed by the same individual. Mr. Yeung Tin Hung was the Chairman and the CEO during the Financial Year, responsible for the management of the Board and the operation of the Group. The Board considered that Mr. Yeung Tin Hung has thorough understanding and expertise regarding the business operations of the Group and thus enabling him to make appropriate decisions which are in the interests of the Shareholders of the Company as a whole on a timely manner. Considering the present size of the Company and the scope of business of the Group, there is no imminent need to separate the roles of the Chairman and the CEO. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman and the CEO is necessary.

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, 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 composition of all the committees is 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 and two Independent Non-executive Directors.

The primary duties of the remuneration committee are formulating remuneration policies, determining the specific remuneration packages of Executive Directors and senior management and making recommendations to the Board on the remuneration of all Directors.

During the Financial Year, the remuneration committee has not held any meeting as the Company has not made any assessment for the remuneration of the Directors and senior management.

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 and two Independent Non-executive Directors.

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 has not held any meeting as the Company has not nominated any directors during the Financial Year.

Corporate Governance Report

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 three Independent Non-executive Directors.

The audit committee has reviewed the results of the Group for the Financial Year. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully 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 the financial statements and reports of the Group, and to review the terms of engagement and scope of audit work of the external auditors.

During the Financial Year, the audit committee held six meetings. Individual attendance of each member at the committee meetings held during the Financial Year is as follows:

Name	Attended/ eligible to attend
Independent Non-executive Directors	
Ms. Eugenia Yang (appointed on 1 August 2013)	4/6
Mr. Chan Kai Wo (resigned on 14 August 2013)	1/6
Mr. Chan Lung Ming (appointed on 30 August 2013)	3/6
Mr. Chua Hoon Chong (resigned on 31 October 2013)	2/6
Mr. Lau Sung Tat, Vincent (<i>Chairman</i>) (appointed on 31 October 2013)	4/6
Mr. Li Hin Lung (<i>Chairman</i>) (resigned on 30 November 2013)	3/6

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements of the Company and the Group. The Directors are 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.

EXTERNAL AUDITORS AND THEIR REMUNERATION

The statement of the external auditor of the Group about 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\$0.5 million and approximately HK\$0.4 million 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 reviews performed by the audit committee and executive management.

Corporate Governance Report

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 governance matters.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the Financial Year, all Directors have participated in continuous professional development by attending training provided by the Company's legal advisers in relation to update of the change of GEM Listing Rules or reading the relevant materials to develop and refresh their knowledge and skills.

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

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>) which allow the Company's potential and existing investors as well as the public to assess and 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 the Company's website.

The Board welcomes views of 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 available at the meetings to answer any questions raised by shareholders.

Corporate Governance Report

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

There are no significant changes in the Company's constitutional documents during the Financial Year.



Independent Auditor's Report



TO THE SHAREHOLDERS OF CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS FAIRSON 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 37 to 103, which comprise the consolidated statement of financial position as at 31 March 2014, 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, 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 state of affairs of the Group as at 31 March 2014, and of the Group's results 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.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong
27 June 2014



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Note	2014 HK\$	2013 HK\$
Continuing operations			
Turnover	7	128,260,573	146,068,544
Cost of sales		(107,236,126)	(120,939,652)
Gross profit		21,024,447	25,128,892
Other income	8	8,409,757	5,661,258
Selling expenses		(5,135,387)	(5,581,935)
Administrative expenses		(109,383,765)	(31,572,719)
Loss from operations		(85,084,948)	(6,364,504)
Gain on disposal of subsidiaries	38(b)	26,648	–
Finance costs	10	(5,813,809)	(652,510)
Loss before tax		(90,872,109)	(7,017,014)
Income tax credit	11	2,002,001	136,030
Loss for the year from continuing operations		(88,870,108)	(6,880,984)
Discontinued operation			
Loss for the year from discontinued operation	12	–	(5,807,398)
Loss for the year	13	(88,870,108)	(12,688,382)
Other comprehensive income, after tax			
<i>Items that may be reclassified to profit or loss:</i>			
Reclassification of change in fair value of available-for-sale financial assets		–	191,847
Exchange differences on translating foreign operations		211,451	28,084
Exchange differences reclassified to profit or loss on disposal of subsidiaries		–	(146,414)
Other comprehensive income for the year, net of tax		211,451	73,517
Total comprehensive income for the year		(88,658,657)	(12,614,865)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Note	2014 HK\$	2013 HK\$
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		(88,677,902)	(6,880,984)
Loss from discontinued operation		–	(2,821,940)
Loss attributable to owners of the Company		(88,677,902)	(9,702,924)
Non-controlling interests			
Loss from continuing operations		(192,206)	–
Loss from discontinued operation		–	(2,985,458)
Loss attributable to non-controlling interests		(192,206)	(2,985,458)
		(88,870,108)	(12,688,382)
Total comprehensive income for the year attributable to:			
Owners of the Company			
Loss from continuing operations		(88,466,451)	(6,807,467)
Loss from discontinued operation		–	(2,821,940)
Loss attributable to owners of the Company		(88,466,451)	(9,629,407)
Non-controlling interests			
Loss from continuing operations		(192,206)	–
Loss from discontinued operation		–	(2,985,458)
Loss attributable to non-controlling interests		(192,206)	(2,985,458)
		(88,658,657)	(12,614,865)
Loss per share			
		HK\$ cents	HK\$ cents (restated)
From continuing and discontinued operations			
Basic	15(a)	(1.36)	(0.18)
Diluted	15	N/A	N/A
From continuing operations			
Basic	15(b)	(1.36)	(0.13)
Diluted	15	N/A	N/A

Consolidated Statement of Financial Position

At 31 March 2014

	Note	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	17	21,349,582	21,021,641
Goodwill	18	91,489,805	5,363,566
Intangible assets	19	92,152,900	–
Available-for-sale financial assets	20	–	1,110,739
Deposit paid for acquisition of a subsidiary	21	15,000,000	–
Deposits paid for acquisition of property, plant and equipment	23	9,982,315	878,435
		229,974,602	28,374,381
Current assets			
Inventories	22	14,391,476	17,760,397
Trade and other receivables	23	33,622,229	45,445,997
Contingent consideration receivables	24	4,669,000	–
Financial assets at fair value through profit or loss	25	–	640
Derivative components of convertible bonds	30	26,683,000	–
Pledged bank deposits	26	–	1,510,837
Bank and cash balances	26	91,155,559	12,709,788
		170,521,264	77,427,659
Current liabilities			
Trade and other payables	27	27,904,063	37,052,606
Due to a director	28	911,255	829,265
Due to a shareholder	32	3,745,895	–
Promissory notes	29	64,036,519	–
Convertible bonds	30	7,913,460	–
Borrowings	31	4,444,173	6,666,667
Current tax liabilities		5,668,788	6,324,805
		114,624,153	50,873,343
Net current assets		55,897,111	26,554,316
Total assets less current liabilities		285,871,713	54,928,697

Consolidated Statement of Financial Position

At 31 March 2014

	Note	2014 HK\$	2013 HK\$
Non-current liabilities			
Promissory notes	29	35,720,960	–
Convertible bonds	30	3,696,205	–
Deferred tax liabilities	33	24,011,919	973,694
		63,429,084	973,694
NET ASSETS		222,442,629	53,955,003
Capital and reserves			
Share capital	34	726,450	550,000
Reserves	36	221,788,385	53,405,003
Equity attributable to owners of the Company		222,514,835	53,955,003
Non-controlling interests		(72,206)	–
TOTAL EQUITY		222,442,629	53,955,003

Approved by the Board of Directors on 27 June 2014

Mr. Yeung Shing Wai
Director

Mr. Ho Chun Kit Gregory
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company										
	Share capital (note 34) HK\$	Share premium (note 36(c)) HK\$	Statutory reserve (note 36(c)) HK\$	Other reserve HK\$	Foreign currency translation reserve (note 36(c)) HK\$	Share-based capital reserve (note 36(c)) HK\$	Convertible bonds equity reserve (note 36(c)) HK\$	Retained earnings/ (accumulated losses) HK\$	Total HK\$	Non-controlling interests HK\$	Total equity HK\$
At 1 April 2012	550,000	29,530,415	2,502,035	(191,847)	200,868	-	-	30,992,939	63,584,410	835,376	64,419,786
Total comprehensive income for the year	-	-	-	191,847	(118,330)	-	-	(9,702,924)	(9,629,407)	(2,985,458)	(12,614,865)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	2,150,082	2,150,082
Transfers	-	-	392,620	-	-	-	-	(392,620)	-	-	-
Changes in equity for the year	-	-	392,620	191,847	(118,330)	-	-	(10,095,544)	(9,629,407)	(835,376)	(10,464,783)
At 31 March 2013	550,000	29,530,415	2,894,655	-	82,538	-	-	20,897,395	53,955,003	-	53,955,003
At 1 April 2013	550,000	29,530,415	2,894,655	-	82,538	-	-	20,897,395	53,955,003	-	53,955,003
Total comprehensive income for the year	-	-	-	-	211,451	-	-	(88,677,902)	(88,466,451)	(192,206)	(88,658,657)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	120,000	120,000
Issue of shares upon placing, net of share issuance expenses	121,450	30,114,411	-	-	-	-	-	-	30,235,861	-	30,235,861
Issue of share for acquisition of a subsidiary (note 38(a))	55,000	87,945,000	-	-	-	-	-	-	88,000,000	-	88,000,000
Recognition of equity-settled share-based payments	-	-	-	-	-	52,959,000	-	-	52,959,000	-	52,959,000
Share option lapsed	-	-	-	-	-	(6,511,000)	-	6,511,000	-	-	-
Recognition of equity component of convertible bonds	-	-	-	-	-	-	85,831,422	-	85,831,422	-	85,831,422
Transfers	-	-	330,615	-	-	-	-	(330,615)	-	-	-
Changes in equity for the year	176,450	118,059,411	330,615	-	211,451	46,448,000	85,831,422	(82,497,517)	168,559,832	(72,206)	168,487,626
At 31 March 2014	726,450	147,589,826	3,225,270	-	293,989	46,448,000	85,831,422	(61,600,122)	222,514,835	(72,206)	222,442,629

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Note	2014 HK\$	2013 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
– continuing operations		(90,872,109)	(7,017,014)
– discontinued operation		–	(5,807,398)
		(90,872,109)	(12,824,412)
Adjustments for:			
Depreciation		6,347,430	7,320,467
Amortisation		5,882,100	–
Loss/(gain) on disposals of property, plant and equipment		81,557	(2,250,902)
Gain on disposal of subsidiaries		(26,648)	(4,015,530)
Allowance on inventories		626,887	771,426
Impairment loss on goodwill		5,363,566	2,527,595
Impairment loss on available-for-sale financial assets		–	1,622,386
Trade and other receivables written off		130,000	1,969,395
Fair value loss on financial assets at fair value through profit or loss		–	839,020
Equity-settled share-based payments		52,959,000	–
Imputed interest income arising from issuance of promissory notes		(7,878,535)	–
Loss on early redemption of promissory notes		314,543	–
Fair value loss on derivative components of convertible bonds		132,140	–
Fair value gain on contingent consideration receivables		(134,000)	–
Finance costs		5,813,809	652,510
Interest income		(21,378)	(21,054)
Operating loss before working capital changes		(21,281,638)	(3,409,099)
Decrease in inventories		2,779,649	3,206,268
Decrease in trade and other receivables		12,023,887	8,731,897
Decrease in trade and other payables		(9,754,302)	(1,505,832)
Increase in amount due to a director		81,990	635,044
Increase in amount due to a shareholder		733,400	–
Cash (used in)/generated from operations		(15,417,014)	7,658,278
Income taxes paid		(124,541)	(115,629)
Interest paid		(566,151)	(652,510)
Net cash (used in)/generated from operating activities		(16,107,706)	6,890,139

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Note	2014 HK\$	2013 HK\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary	38(a)	(40,039,543)	–
Disposal of subsidiaries	38(b)	1,195,796	(413,975)
Deposit paid for acquisition of a subsidiary		(15,000,000)	–
Purchases of property, plant and equipment		(6,383,584)	(6,198,795)
Proceeds from disposals of property, plant and equipment		238,474	8,148,770
Decrease in pledged bank deposits		1,510,837	3,999,389
Deposits paid for acquisition of property, plant and equipment		(9,103,880)	(228,435)
Interest received		21,378	21,054
Net cash (used in)/generated from investing activities		(67,560,522)	5,328,008
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		22,690,588	11,023,513
Repayments of borrowings		(24,913,082)	(30,448,944)
Proceeds from issue of shares		31,031,917	–
Share issue expenses paid		(796,056)	–
Proceeds from issue of convertible bonds		70,389,000	–
Proceeds from issue of promissory notes		71,637,760	–
Repayment of promissory notes		(8,000,000)	–
Net cash generated from/(used in) financing activities		162,040,127	(19,425,431)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		78,371,899	(7,207,284)
Effect of foreign exchange rate changes		73,872	(4,422)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		12,709,788	19,921,494
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		91,155,559	12,709,788
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		91,155,559	12,709,788

Notes to the Financial Statements

For the year ended 31 March 2014

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 44 to the financial statements.

In the opinion of the directors of the Company, Mr. Yeung Tin Hung is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

(a) Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce a new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the Financial Statements

For the year ended 31 March 2014

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

(b) HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 “Disclosure of Interests in Other Entities” specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affected the disclosures relating to the Group’s subsidiaries in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

(c) HKFRS 13 “Fair Value Measurement”

HKFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affected disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

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

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified for contingent consideration receivables and derivative components of convertible bonds which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The significant accounting policies applied in the preparation of these 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.

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.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

Land and buildings comprise director's quarter. 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.

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.

(f) Leases

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments (Continued)

(ii) Available-for-sale financial assets (Continued)

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.

(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.

Notes to the Financial Statements

For the year ended 31 March 2014

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 Monte Carlo simulation method; 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.

(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.

Share of income from mobile commerce is recognised when it is received or receivable.

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

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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.

(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.

Notes to the Financial Statements

For the year ended 31 March 2014

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.

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.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Related parties (Continued)

(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).

(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.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Impairment of assets (Continued)

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.

(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.

Notes to the Financial Statements

For the year ended 31 March 2014

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(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.

In response to the change in the People's Republic of China ("PRC") transfer pricing requirement, the Group had conducted a transfer pricing study and made transfer pricing adjustments to re-allocate the profit of the Group attributable to the relative subsidiaries respectively in accordance with a transfer pricing benchmarking study with reference to Guo Shui Fa 2009 No. 2. Accordingly, current income tax provision has been made based on each of the subsidiaries profit before tax after such transfer pricing adjustments. The directors of the Company consider that sufficient tax provision has been made during the year.

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.

(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. The carrying amount of goodwill at the end of the reporting period was HK\$91,489,805 after an impairment loss of HK\$5,363,566 was recognised during the year ended 31 March 2014. Details of the impairment loss calculation are provided 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.

Notes to the Financial Statements

For the year ended 31 March 2014

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(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.

(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 sales volume, selling price 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 24 and note 30 to the consolidated financial statements respectively also 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.

Notes to the Financial Statements

For the year ended 31 March 2014

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's exposure to interest-rate risk arises from its bank deposits, promissory notes, convertible bonds and borrowings.

The Group's pledged bank deposits, promissory notes and convertible bonds bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's borrowings bear interests at variable rates varied with the then prevailing market condition and therefore are subject to cash flow interest-rate risks.

At 31 March 2014, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$412,000 lower/higher, arising mainly as a result of higher/lower interest income from bank deposits.

At 31 March 2013, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$56,000 higher/lower, arising mainly as a result of higher/lower interest expenses on the borrowings bearing interest at variable rates.

(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 consolidated statement of financial position date 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):

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For the year ended 31 March 2014

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

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 invoice its unconditional rights to call the loan with immediate effect.

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Over 5 years HK\$
At 31 March 2014				
Trade and other payables	27,904,063	-	-	-
Due to a director	911,255	-	-	-
Due to a shareholder	3,745,895	-	-	-
Promissory notes	67,796,000	41,573,750	-	11,750,000
Convertible bonds	8,887,500	4,443,750	-	-
Borrowings	4,473,416	-	-	-
At 31 March 2013				
Trade and other payables	37,052,606	-	-	-
Due to a director	829,265	-	-	-
Borrowings	6,717,958	-	-	-

The following table that summarises the maturity analysis of bank loan with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreement. Taking into account the financial position of the Group, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loan will be repaid in accordance with the scheduled repayment date set out in the loan agreement.

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Over 5 years HK\$
At 31 March 2014				
Borrowings	4,531,450	-	-	-
At 31 March 2013				
Borrowings	6,051,291	708,115	-	-

Notes to the Financial Statements

For the year ended 31 March 2014

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, 2014, approximately 61% (2013: 63%) of the Group's trade receivables were due from the five largest customers within power and data cords business segment in PRC, Hong Kong and Taiwan during the years ended 31 March 2014 and 2013. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables and there is no history of default for the Group's largest customers.

The Group has no significant concentrations of credit risks on other receivables. The credit quality of the counterparties in respect of other receivables is 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 are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk.

At 31 March 2014, if the volatility had increased by 5% with all other variables held constant and the derivative components moved according to the historical correlation with the share price of the Company, the consolidated loss after tax for the year would decrease by approximately HK\$1,128,000, arising from changes in fair value of the derivative components of convertible bonds.

If the volatility had decreased by 5% with all other variables held constant and the derivative components moved according to the historical correlation with the share price of the Company, the consolidated loss after tax for the year would increase by approximately HK\$1,128,000, arising from changes in fair value of derivative components of convertible bonds.

(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 management of the Company considers that foreign currency risk of the Company for the years ended 31 March 2014 and 2013 are insignificant and therefore no sensitivity analysis is presented thereon.

Notes to the Financial Statements

For the year ended 31 March 2014

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Categories of financial instruments at 31 March

	2014 HK\$	2013 HK\$
Financial assets:		
Available-for-sale financial assets	–	1,110,739
Financial assets at fair value through profit or loss		
– Held for trading	–	640
Contingent consideration receivables	4,669,000	–
Derivative components of convertible bonds	26,683,000	–
Loans and receivables (including cash and cash equivalents)	144,071,151	55,392,415
Financial liabilities:		
Financial liabilities at amortised cost	146,663,527	44,544,973

(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.

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For the year ended 31 March 2014

6. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 31 March 2014 using level 3 HK\$
Recurring fair value measurements:	
Contingent consideration receivables	4,669,000
Derivative components of convertible bonds	26,683,000
Total recurring fair value measurements	31,352,000

Description	Fair value measurements as at 31 March 2013 using level 3 HK\$
Recurring fair value measurements:	
Available-for-sale financial assets	1,110,739
Financial assets at fair value through profit or loss	640
Total recurring fair value measurements	1,111,379

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

Description	Financial assets at fair value through profit or loss HK\$	Contingent consideration receivables HK\$	Available-for-sale financial assets HK\$	Derivative components of convertible bonds HK\$
At 1 April 2013	640	-	1,110,739	-
Issues	-	4,535,000	-	26,815,140
Total gains or losses recognised in consolidated profit or loss ^(a)	-	134,000	-	(132,140)
Disposal	(640)	-	(1,110,739)	-
At 31 March 2014	-	4,669,000	-	26,683,000
^(a) Include gains or losses for financial assets held at end of reporting period	-	134,000	-	(132,140)

Notes to the Financial Statements

For the year ended 31 March 2014

6. FAIR VALUE MEASUREMENT (CONTINUED)

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

Description	Financial assets at fair value through profit or loss HK\$	Available-for-sale financial assets HK\$
At 1 April 2012	839,660	2,541,278
Total gains or losses recognised in consolidated profit or loss ^(a)	(839,020)	(1,430,539)
At 31 March 2013	640	1,110,739
^(a) Include gains or losses for financial assets held at end of reporting period	(839,020)	(1,430,539)

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 2014:

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.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2014 HK\$
Contingent consideration receivables	Discounted cash flow	Profit forecast	HK\$30,341,796 – HK\$45,512,694	Increase	
		Discount rate	11.29%	Increase	4,669,000
Derivative components of convertible bonds	Monte Carlo simulation method	Dividend yield	0%	Increase	
		Expected volatility	103.46% – 106.45%	Decrease	
		Yield spread	13.09% – 13.66%	Decrease	26,683,000

Notes to the Financial Statements

For the year ended 31 March 2014

7. TURNOVER

The Group's turnover represented the following:

	2014 HK\$	2013 HK\$
Sales of power and data cords and inlet sockets	128,258,461	145,392,583
Sales of copper wires	–	11,356,611
Share of income from mobile commerce	2,112	–
Others	–	675,961
	128,260,573	157,425,155
Representing:		
Continuing operations	128,260,573	146,068,544
Discontinued operation	–	11,356,611
	128,260,573	157,425,155

8. OTHER INCOME

	2014 HK\$	2013 HK\$
Interest income	21,378	21,054
Gain on disposal of property, plant and equipment	–	5,101,647
Imputed interest income arising from issuance of promissory notes	7,878,535	–
Fair value gain on contingent consideration receivables	134,000	–
Sundry income	375,844	542,099
	8,409,757	5,664,800
Representing:		
Continuing operations	8,409,757	5,661,258
Discontinued operation	–	3,542
	8,409,757	5,664,800

Notes to the Financial Statements

For the year ended 31 March 2014

9. SEGMENT INFORMATION

In prior years, the Group's reportable segments were divided into power cords and inlet sockets for household electric appliances, power and data cords for mobile handsets and medical control devices, raw cables and copper wires.

During the year, the directors reviewed the nature and financial effects of the Group's business activities and the internal reportable conditions and considered that it is more appropriate to consolidate the business activities relating to the sales and manufacture of power cords and inlet sockets for household electric appliances, power and data cords for mobile handsets and medical control devices and raw cables into power and data cords business and form a single segment. Comparative figures have been restated to conform with the current year's presentation.

The Group's reportable segments are therefore as follows:

1. Clean energy business – engaged in development of liquefied natural gas, compressed natural gas and related clean energy business.
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.
4. Copper wires business – engaged in sales and manufacture of copper wires (discontinued operation).

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.

Segment profit or loss do not include the following items:

- Other income
- Corporate expenses
- Gain on disposal of subsidiaries
- Finance costs

Notes to the Financial Statements

For the year ended 31 March 2014

9. SEGMENT INFORMATION (CONTINUED)

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

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

	Clean energy business HK\$	Digital application business HK\$	Power and data cords business HK\$	Total HK\$
Year ended 31 March 2014				
Turnover from external customers	-	2,112	128,258,461	128,260,573
Segment loss	(613,189)	(5,420,526)	(12,118,738)	(18,152,453)
Interest revenue	643	-	19,308	19,951
Interest expenses	-	-	316,151	316,151
Depreciation and amortisation	-	5,951,944	6,164,846	12,116,790
Other material item of income and expense: Income tax credit	-	(1,470,525)	(531,476)	(2,002,001)
Other material non-cash item: Impairment losses on goodwill	-	-	5,363,566	5,363,566
Additions to segment non-current assets	-	189,531,590	4,033,578	193,565,168
At 31 March 2014				
Segment assets	46,718,411	188,893,688	81,731,980	317,344,079
Segment liabilities	12,800	27,328,580	32,634,184	59,975,564

Notes to the Financial Statements

For the year ended 31 March 2014

9. SEGMENT INFORMATION (CONTINUED) Information about reportable segment profit or loss, assets and liabilities: (Continued)

	Clean energy business HK\$	Digital application business HK\$	Power and data cords business HK\$ (Restated)	(Discontinued operation) Copper wires business HK\$ (Restated)	Total HK\$
Year ended 31 March 2013					
Turnover from external customers	-	-	146,068,544	11,356,611	157,425,155
Intersegment revenue	-	-	-	3,989,653	3,989,653
Segment loss	-	-	(9,428,326)	(9,826,470)	(19,254,796)
Interest revenue	-	-	19,263	1,791	21,054
Interest expenses	-	-	652,510	-	652,510
Depreciation	-	-	6,070,103	1,250,364	7,320,467
Other material item of income and expense:					
Income tax credit	-	-	(136,030)	-	(136,030)
Other material non-cash item:					
Impairment losses on goodwill	-	-	2,527,595	-	2,527,595
Additions to segment non-current assets	-	-	6,427,229	-	6,427,229
At 31 March 2013					
Segment assets	-	-	104,690,661	-	104,690,661
Segment liabilities	-	-	45,180,370	-	45,180,370

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For the year ended 31 March 2014

9. SEGMENT INFORMATION (CONTINUED)

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

	2014 HK\$	2013 HK\$
Turnover		
Total turnover of reportable segments	128,260,573	157,425,155
Elimination of discontinued operation	-	(11,356,611)
Consolidated turnover from continuing operations	128,260,573	146,068,544
Profit or loss		
Total profit or loss of reportable segments	(18,152,453)	(19,254,796)
Other income	8,409,757	5,664,800
Corporate expenses	(73,340,251)	(2,461,406)
Gain on disposal of subsidiaries	26,648	4,015,530
Finance costs	(5,813,809)	(652,510)
Elimination of discontinued operation	-	5,807,398
Consolidated loss for the year from continuing operations	(88,870,108)	(6,880,984)
Assets		
Total assets of reportable segments	317,344,079	104,690,661
Derivative components of convertible bonds	26,683,000	-
Available-for-sale financial assets	-	1,110,739
Financial assets at fair value through profit or loss	-	640
Other corporate assets	56,468,787	-
Consolidated total assets	400,495,866	105,802,040
Liabilities		
Total liabilities of reportable segments	59,975,564	45,180,370
Promissory notes	99,757,479	-
Convertible bonds	11,609,665	-
Borrowings	4,444,173	6,666,667
Other corporate liabilities	2,266,356	-
Consolidated total liabilities	178,053,237	51,847,037

Geographical information:

	Turnover		Non-current assets	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Hong Kong	1,231,435	3,497,667	214,889,427	10,025,155
PRC	82,257,488	126,450,232	15,085,175	17,238,487
Taiwan	22,890,963	7,946,892	-	-
United States	21,291,180	19,175,817	-	-
Other countries	589,507	354,547	-	-
Consolidated total	128,260,573	157,425,155	229,974,602	27,263,642

In presenting the geographical information, turnover is based on the locations of the customers. Non-current assets do not include available-for-sale financial assets.

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For the year ended 31 March 2014

9. SEGMENT INFORMATION (CONTINUED)

Turnover from major customers:

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

	2014 HK\$	2013 HK\$
Customer A	23,900,553	36,348,808
Customer B	22,840,782	7,789,416*
Customer C	5,216,823*	28,041,495
Customer D	21,480,477	19,174,261
Customer E	14,096,703	18,795,068

* 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

	2014 HK\$	2013 HK\$
Continuing operations:		
Interest on bank borrowings	48,711	336,826
Interest on trust receipt loans	267,440	315,684
Effective interest expenses on convertible bonds wholly repayable within five years	236,947	–
Effective interest expenses on promissory notes		
– Wholly repayable within five years	4,697,044	–
– Not wholly repayable within five years	563,667	–
	5,813,809	652,510

11. INCOME TAX CREDIT

	2014 HK\$	2013 HK\$
Continuing operations:		
Current tax – Hong Kong Profits Tax		
Provision for the year	106,225	138,460
Current tax – PRC Enterprise Income Tax		
Provision for the year	412,501	499,733
Over-provision in prior years	(1,050,202)	(774,223)
	(637,701)	(274,490)
Deferred tax (note 33)	(1,470,525)	–
	(2,002,001)	(136,030)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2014 (2013: 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.

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11. INCOME TAX CREDIT (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% (2013: 25%), except for Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("Sun Fair SZ") is entitled to a preferential tax rate of 15% for the three years since 2012 for being a high technology enterprise.

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

	2014 HK\$	2013 HK\$
Loss before tax		
– continuing operations	(90,872,109)	(7,017,014)
– discontinued operation	–	(5,807,398)
	(90,872,109)	(12,824,412)
Tax at the weighted average tax rate of 17.5% (2013: 26%)	(15,945,294)	(3,353,647)
Tax effect of income that is not taxable	(1,814,155)	(962,853)
Tax effect of expenses that are not deductible	15,058,910	1,091,362
Tax effect of temporary differences not recognised	138,116	–
Over-provision in prior years	(1,050,202)	(774,223)
Tax effect of tax losses not recognised	1,610,624	3,863,331
Income tax credit	(2,002,001)	(136,030)

12. DISCONTINUED OPERATION

Due to economies of scale not having achieved in the near term and having incurred a significant operating loss, the Group streamlined its business during the year ended 31 March 2013 by ceasing the operation of the copper wires business since late September 2012.

The results of the discontinued operation related to copper wires business segment for the year ended 31 March 2013, which have been included in the consolidated profit of loss, are set out below.

	2014 HK\$	2013 HK\$
Turnover	–	11,356,611
Cost of sales	–	(13,385,937)
Gross loss	–	(2,029,326)
Other income	–	3,542
Selling expenses	–	(169,228)
Administrative expenses	–	(7,627,916)
Loss from operations	–	(9,822,928)
Gain on disposal of subsidiaries	–	4,015,530
Loss before tax	–	(5,807,398)
Income tax expense	–	–
Loss for the year from discontinued operation	–	(5,807,398)

Notes to the Financial Statements

For the year ended 31 March 2014

13. LOSS FOR THE YEAR

Loss for the year is arrived at after charging/(crediting) the following:

	2014 HK\$	2013 HK\$
Continuing operations		
Cost of inventories sold	67,626,509	73,262,099
Acquisition related costs (included in administrative expenses)	5,643,167	–
Operating lease payments		
– Land and buildings	3,922,821	2,464,292
– Motor vehicles	284,384	–
Amortisation	5,882,100	–
Depreciation	6,347,430	6,070,103
Allowance on inventories	626,887	771,426
Other receivables written off	130,000	–
Net foreign exchange losses	1,093,662	253,937
Loss on disposals of property, plant and equipment	81,557	–
Impairment loss on goodwill	5,363,566	2,527,595
Impairment loss on available-for-sale financial assets	–	1,622,386
Fair value loss on financial assets at fair value through profit or loss	–	839,020
Directors' emoluments (note 14)	22,494,629	2,637,964
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	36,151,474	37,572,947
Equity-settled share-based payments	26,044,000	–
Retirement benefits scheme contributions	5,268,497	2,218,203
	67,463,971	39,791,150
Other equity-settled share-based payments	26,915,000	–
Auditors' remuneration		
– Current	650,000	430,000
– (Over)/under-provision in prior year	(10,000)	324,070
	640,000	754,070
Discontinued operation		
Cost of inventories sold	–	8,032,262
Operating lease payments in respect of land and buildings	–	674,040
Depreciation	–	1,250,364
Employee benefit expenses	–	2,173,454
Trade receivables written off	–	1,969,395
Loss on disposals of property, plant and equipment	–	2,850,745

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For the year ended 31 March 2014

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

	Fees HK\$	Salaries, bonuses and allowance HK\$	Equity-settled share-based payments HK\$	Retirement benefits scheme contributions HK\$	Total HK\$
Year ended 31 March 2014					
Executive directors:					
Yeung Tin Hung	-	1,254,700	-	17,000	1,271,700
Yeung Shing Wai	-	554,233	6,511,000	17,000	7,082,233
Chen Tian Gang (Note (a))	-	65,088	-	2,167	67,255
Ho Chun Kit, Gregory (Note (c))	-	557,742	6,511,000	11,387	7,080,129
	-	2,431,763	13,022,000	47,554	15,501,317
Non-executive directors:					
Wong Chi Yung (Note (d))	86,667	-	6,511,000	-	6,597,667
Tse Yee Hin, Tony (Note (e))	40,645	-	-	-	40,645
	127,312	-	6,511,000	-	6,638,312
Independent non-executive directors:					
Li Hin Lung (Note (f))	80,000	-	-	-	80,000
Chan Kai Wo (Note (g))	25,000	-	-	-	25,000
Chua Hoon Chong (Note (h))	35,000	-	-	-	35,000
Eugenia Yang (Note (i))	60,000	-	-	-	60,000
Chan Lung Ming (Note (j))	55,000	-	-	-	55,000
Ng Ka Chung (Note (k))	55,000	-	-	-	55,000
Lau Sung Tat, Vincent (Note (l))	45,000	-	-	-	45,000
	355,000	-	-	-	355,000
	482,312	2,431,763	19,533,000	47,554	22,494,629
Year ended 31 March 2013					
Executive directors:					
Yeung Tin Hung	-	1,251,600	-	14,500	1,266,100
Yeung Shing Wai	-	651,600	-	14,500	666,100
Chen Tian Gang	-	226,301	-	4,173	230,474
Zhou Yu Hui (Note (b))	-	112,826	-	2,464	115,290
	-	2,242,327	-	35,637	2,277,964
Non-executive director:					
Wong Chi Yung	120,000	-	-	-	120,000
Independent non-executive directors:					
Li Hin Lung	120,000	-	-	-	120,000
Chan Kai Wo	60,000	-	-	-	60,000
Chua Hoon Chong	60,000	-	-	-	60,000
	240,000	-	-	-	240,000
	360,000	2,242,327	-	35,637	2,637,964

Notes to the Financial Statements

For the year ended 31 March 2014

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Notes:

- (a) Resigned on 31 July 2013
- (b) Resigned on 31 October 2012
- (c) Appointed on 8 May 2013
- (d) Resigned on 20 December 2013
- (e) Appointed on 10 January 2014
- (f) Resigned on 30 November 2013
- (g) Resigned on 14 August 2013
- (h) Resigned on 31 October 2013
- (i) Appointed on 1 August 2013
- (j) Appointed on 30 August 2013
- (k) Appointed on 30 August 2013
- (l) Appointed on 31 October 2013

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2013: Nil).

The five highest paid individuals in the Group during the year included four directors (2013: two directors) whose emoluments are reflected in the analysis presented above. The emolument of the remaining one (2013: three) individual is set out below:

	2014	2013
	HK\$	HK\$
Salaries, bonuses and allowances	119,355	1,788,861
Equity-settled share-based payments	6,511,000	–
Retirement benefits scheme contributions	3,468	43,500
	6,633,823	1,832,361

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For the year ended 31 March 2014

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
HK\$Nil to HK\$1,000,000	–	3
HK\$6,500,001 to HK\$7,000,000	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 (2013: Nil).

15. LOSS PER SHARE

Basic loss per share

(a) For continuing and discontinued operations

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK\$88,677,902 (2013: HK\$9,702,924) by the weighted average number of ordinary shares of 6,514,082,192 (2013: 5,500,000,000 as adjusted to reflect share subdivision on 24 March 2014) in issue for the year ended 31 March 2014.

(b) For continuing operations

Basic loss per share for continuing operations is calculated by dividing the loss attributable to owners of the Company of HK\$88,677,902 (2013: HK\$6,880,984) by the weighted average number of ordinary shares of 6,514,082,192 (2013: 5,500,000,000 as adjusted to reflect share subdivision on 24 March 2014) in issue for the year ended 31 March 2014.

(c) For discontinued operation

Basic loss per share from the discontinued operation for the year ended 31 March 2013 is HK\$0.05 cents per share (restated) based on the loss for the year from discontinued operation attributable to the loss attributable to owners of the Company of HK\$2,821,940 and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share

No diluted loss per share is presented as the share options and convertible bonds have anti-dilutive effects on basic loss per share for the year (2013: Nil).

16. DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 March 2014 and 2013.

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For the year ended 31 March 2014

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK\$	Buildings HK\$	Leasehold improvements HK\$	Moulding and equipment HK\$	Motor vehicles HK\$	Furniture and office equipment HK\$	Total HK\$
Cost							
At 1 April 2012	4,540,000	2,080,200	6,164,647	24,328,439	4,412,590	3,174,220	44,700,096
Additions	-	-	1,298,938	2,708,524	951,144	1,240,189	6,198,795
Disposals	(880,000)	(920,000)	(2,590,892)	(3,152,769)	(1,317,609)	(306,824)	(9,168,094)
Exchange differences	-	-	13,173	26,342	59	1,767	41,341
At 31 March 2013 and 1 April 2013	3,660,000	1,160,200	4,885,866	23,910,536	4,046,184	4,109,352	41,772,138
Additions	-	-	1,414,848	2,248,530	1,558,745	1,161,461	6,383,584
Acquisition of a subsidiary	-	-	229,297	-	-	310,056	539,353
Disposals	-	-	-	(322,115)	(327,600)	-	(649,715)
Transfers	-	-	-	(177,120)	177,120	-	-
Exchange differences	-	-	28,747	57,076	1,607	3,837	91,267
At 31 March 2014	3,660,000	1,160,200	6,558,758	25,716,907	5,456,056	5,584,706	48,136,627
Accumulated depreciation							
At 1 April 2012	282,274	139,187	1,322,489	10,931,118	2,389,889	1,626,463	16,691,420
Charge for the year	111,088	44,723	1,106,182	4,476,280	791,878	790,316	7,320,467
Disposals	(99,254)	(90,679)	(501,172)	(1,226,330)	(1,249,893)	(102,898)	(3,270,226)
Exchange differences	-	-	2,249	6,050	86	451	8,836
At 31 March 2013 and 1 April 2013	294,108	93,231	1,929,748	14,187,118	1,931,960	2,314,332	20,750,497
Charge for the year	98,035	31,073	1,114,714	3,189,526	1,057,980	856,102	6,347,430
Disposals	-	-	-	(118,109)	(211,575)	-	(329,684)
Exchange differences	-	-	4,659	12,731	190	1,222	18,802
At 31 March 2014	392,143	124,304	3,049,121	17,271,266	2,778,555	3,171,656	26,787,045
Carrying amount							
At 31 March 2014	3,267,857	1,035,896	3,509,637	8,445,641	2,677,501	2,413,050	21,349,582
At 31 March 2013	3,365,892	1,066,969	2,956,118	9,723,418	2,114,224	1,795,020	21,021,641

Leasehold land and buildings with carrying amount of HK\$4,303,753 (2013: HK\$4,432,861) were pledged to a bank to secure general banking facilities granted to the Group as at 31 March 2014.

The Group's leasehold land at their carrying amounts is situated in Hong Kong under medium-term lease.

Notes to the Financial Statements

For the year ended 31 March 2014

18. GOODWILL

	HK\$
Cost	
At 1 April 2012, 31 March 2013 and 1 April 2013	14,284,967
Arising on acquisition of a subsidiary (note 38(a))	91,489,805
At 31 March 2014	105,774,772
Accumulated impairment losses	
At 1 April 2012	6,393,806
Impairment loss	2,527,595
At 31 March 2013 and 1 April 2013	8,921,401
Impairment loss	5,363,566
At 31 March 2014	14,284,967
Carrying amount	
At 31 March 2014	91,489,805
At 31 March 2013	5,363,566

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:

	2014 HK\$	2013 HK\$
Digital application business:		
3 Dynamics (Asia) Limited ("3 Dynamics")	91,489,805	-
Power and data cords business:		
Sun Fair Electric Wire & Cable Industrial Co., Limited ("Sun Fair Industrial")	-	5,363,566
	91,489,805	5,363,566

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18. GOODWILL (CONTINUED)

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

The recoverable amount is determined based on value-in-use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rate, terminal growth rate and budgeted gross margin and turnover 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 turnover 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 with the residual period using the terminal growth rate of 3.14%. The pre-tax rate used to discount the forecast cash flows for digital application business is 29.96%.

Cash generating unit for segment of power and data cords business (“CGU for power and data cords”)

The recoverable amount is determined based on value-in-use using discounted cash flow method. This method use pre-tax cash flow projections based on financial budgets approved by the management covering a three years (2013: four years) period using the average sales growth rate of 0% (2013: 1.4%). The pre-tax rate used to discount the forecast cash flows for the power and data cords business is 25.81%. Cash flows beyond the three years (2013: four years) period are extrapolated using the estimates terminal growth rates of 0% (2013: 2%). The management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

The management considers that the carrying amount of goodwill for the power and data cords business in the amount of HK\$5,363,566 should be fully impaired for the year ended 31 March 2014 (2013: HK\$2,527,595). This impairment loss has been included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

19. INTANGIBLE ASSETS

	Contractual right HK\$
Cost	
Acquisition of a subsidiary and at 31 March 2014	98,035,000
Accumulated amortisation	
Amortisation for the year and at 31 March 2014	5,882,100
Carrying amount	
At 31 March 2014	92,152,900

Notes to the Financial Statements

For the year ended 31 March 2014

19. INTANGIBLE ASSETS (CONTINUED)

The contract right is acquired through acquisition of a subsidiary during the year ended 31 March 2014. The contractual right represents the design, development, sales and distributions of mobile phone games with popular cartoon characters in PRC arising from a cooperation agreement (the "Cooperation Agreement") with a PRC company, Guangzhou Blue Arc Culture Communication Company Limited ("廣州藍弧文化傳播有限公司"). 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 4.17 years. The remaining amortisation period of the contractual right is 3.92 years.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 HK\$	2013 HK\$
At 1 April	1,110,739	2,541,278
Impairment loss	–	(1,430,539)
Disposal	(1,110,739)	–
At 31 March	–	1,110,739

Available-for-sale financial assets include the following:

	2014 HK\$	2013 HK\$
Unlisted securities:		
Equity securities in Singapore	–	1,110,739

Available-for-sale financial assets are denominated in Singaporean dollars ("SG\$").

On 11 August 2011, the Group entered into a conditional sale and purchase agreement with an independent third party to acquire a 19.5% equity interest of MEMS Solutions Pte. Ltd. ("MEMS SG"), a private entity incorporated in Singapore, at a consideration of SG\$540,000 (equivalent to approximately HK\$3,367,000). The transaction was completed on 31 October 2011. The Group also has an option to further acquire a 40.5% equity interest of MEMS SG, which is exercisable on or before 30 June 2014, at a consideration of SG\$1,120,000 (equivalent to approximately HK\$7,088,000). The investment in MEMS SG is accounted for as an available-for-sale financial asset, which is recorded as fair value at each period end date. The option is accounted for as a derivative which is carried at fair value through profit or loss as disclosed in note 25. Such available-for-sale financial assets had been fully disposed upon the disposal of the relevant subsidiaries during the year.

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For the year ended 31 March 2014

21. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

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 Da Holdings Limited (the “Target Company”) from Mr. Wu. The Target Company is incorporated in Hong Kong and has signed a framework agreement with the People’s Government of Wangdu City (the “Wangdu Government”). Pursuant to the framework agreement, the Target Company 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 centralized heating facilities in Wangdu City for a term of 30 years. The MOU will expire on 9 October 2014. The deposit is non-interest bearing, secured by the entire issued share capital of the Target Company and refundable in the event that the Proposed Acquisition is terminated or upon the expiry of the MOU.

Further details of the Proposed Acquisition are set out in the Company’s announcement dated 10 January 2014.

22. INVENTORIES

	2014 HK\$	2013 HK\$
Raw materials	6,774,119	8,874,313
Work in progress	3,571,370	4,887,503
Finished goods	8,556,730	8,295,485
	18,902,219	22,057,301
Less: allowance on inventories	(4,510,743)	(4,296,904)
	14,391,476	17,760,397

23. TRADE AND OTHER RECEIVABLES

	2014 HK\$	2013 HK\$
Trade receivables (note a)	25,658,345	42,229,832
Other receivables (note b)	17,946,199	4,094,600
	43,604,544	46,324,432
Less: Non-current portion	(9,982,315)	(878,435)
Total trade and other receivables	33,622,229	45,445,997

Notes to the Financial Statements

For the year ended 31 March 2014

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(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 ageing analysis of trade receivables based on the due date is as follows:

	2014 HK\$	2013 HK\$
Not yet due	17,148,150	35,033,687
1-30 days	3,561,098	5,268,100
31-60 days	690,952	544,793
61-90 days	1,006,783	1,315,054
91-180 days	3,251,362	68,198
Total	25,658,345	42,229,832

As at 31 March 2014, trade receivables of HK\$8,510,195 (2013: HK\$7,196,145) 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:

	2014 HK\$	2013 HK\$
1 – 30 days past due	3,561,098	5,268,100
31 – 60 days past due	690,952	544,793
61 – 90 days past due	1,006,783	1,315,054
91 – 180 days past due	3,251,362	68,198
Total	8,510,195	7,196,145

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

	2014 HK\$	2013 HK\$
HK\$	10,548,650	18,304,402
United States dollars ("US\$")	8,262,010	15,513,891
Renminbi ("RMB")	6,847,685	8,411,539
Total	25,658,345	42,229,832

Notes to the Financial Statements

For the year ended 31 March 2014

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

	2014 HK\$	2013 HK\$
Advances to staff	1,376,527	16,765
Deposits paid for acquisition of property, plant and equipment (note (i))	9,982,315	878,435
Prepayments and other deposits paid	5,751,398	2,934,785
Others	835,959	264,615
	17,946,199	4,094,600

Note:

- (i) Included in the deposits paid for acquisition of property, plant and equipment as at 31 March 2014, an unsecured deposit of HK\$8,000,000 was paid to an independent consultant of the Group for a proposed acquisition of a piece of land located in Hong Kong. Pursuant to the consultant agreement dated 1 November 2013 (the "Consultant Agreement"), the deposit plus interest calculated at 8% per annum shall be fully refunded to the Group in the event that no formal sale and purchase agreement is entered by the Group on or before 30 May 2014.

On 27 May 2014, the Company entered into the extension of Consultant Agreement with the consultant wherein the Company agreed to extend the repayment term of the Consultant Agreement from 30 May 2014 to 30 August 2014. Other terms of the Consultant Agreement remain unchanged.

24. CONTINGENT CONSIDERATION RECEIVABLES

As referred to note 38(a) to the financial statements, the Group acquired 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, 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") as referred to note 38(a) to the financial statements. 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.

The potential undiscounted amount of all future receivables that the Group could receive under the contingent consideration arrangement is between HK\$0 and HK\$42,000,000.

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For the year ended 31 March 2014

24. CONTINGENT CONSIDERATION RECEIVABLES (CONTINUED)

The fair value of such contingent arrangement amounting to HK\$4,535,000 at the Acquisition Date is presented separately on the Company's consolidated statement of financial position. The fair value was determined with reference to the valuation performed by an independent qualified professional valuer, Ascent Partners Valuation Service Limited (the "Ascent Partners"). Changes in variables and assumptions may result in changes in the fair value.

	HK\$
Fair value of contingent consideration receivables upon completion of acquisition of 3 Dynamics at the Acquisition Date	4,535,000
Fair value gain for the year	134,000
	<hr/>
Fair value of contingent consideration receivables at 31 March 2014	4,669,000

The fair values of contingent consideration receivables at the Acquisition Date and 31 March 2014 are based on valuation results of Ascent Partners, by using a discounted cash flow method (level 3 fair value measurements).

The key assumptions for the discounted cash flow method are those regarding the discount rate and estimated profit forecast of 3 Dynamics for the upcoming 12 months after the Acquisition Date. The Group estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the contingent consideration receivables. The rates used to discount the forecast cash flows at the Acquisition Date and 31 March 2014 are 11.49% and 11.29% respectively.

As of 31 March 2014, neither the amount recognised for the contingent consideration arrangement, nor the range of outcomes or the assumptions used to develop the estimates had changed.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK\$	2013 HK\$
Unlisted securities:		
Call option	-	640

The financial assets at fair value through profit or loss had been fully disposed upon the disposal of the relevant subsidiaries during the year.

26. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits as at 31 March 2013 represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 31 to the financial statements. The deposits are in HK\$ and at fixed interest rate of 0.01% per annum and therefore are subject to fair value interest rate risk.

As at 31 March 2014, the bank and cash balances of the Group denominated in RMB amounted to HK\$10,459,799 (2013: HK\$5,379,529). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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For the year ended 31 March 2014

27. TRADE AND OTHER PAYABLES

	2014 HK\$	2013 HK\$
Trade payables (note a)	11,637,215	22,395,570
Other payables (note b)	16,266,848	14,657,036
Total trade and other payables	27,904,063	37,052,606

(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:

	2014 HK\$	2013 HK\$
Not yet due	11,013,459	11,272,750
1 – 30 days past due	545,726	5,969,666
31 – 60 days past due	41,022	4,999,512
61 – 90 days past due	8,296	147,453
91 – 180 days past due	28,712	6,189
	11,637,215	22,395,570

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

	2014 HK\$	2013 HK\$
HK\$	9,657,531	16,348,560
RMB	1,663,484	5,386,140
US\$	316,200	660,870
Total	11,637,215	22,395,570

(b) Other payables

	2014 HK\$	2013 HK\$
Receipts in advance	1,709,003	3,565
Accruals	2,996,494	7,401,050
Other tax payables	1,795,198	1,924,220
Salary and welfare payables	8,339,160	5,226,379
Others	1,426,993	101,822
	16,266,848	14,657,036

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28. DUE TO A DIRECTOR

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

29. PROMISSORY NOTES

	2014 HK\$	2013 HK\$
Proceeds from issue	71,637,760	–
Imputed interest income arising from issuance of promissory notes	(7,878,535)	–
Issue for acquisition of a subsidiary (note 38(a))	38,673,000	–
Fair value at issue date	102,432,225	–
Imputed interest charged	5,260,711	–
Interest paid	(250,000)	–
Early redemption	(8,000,000)	–
Loss on early redemption	314,543	–
At 31 March	99,757,479	–
Analysed as:		
Current liabilities	64,036,519	–
Non-current liabilities	35,720,960	–
	99,757,479	–

The promissory notes are unsecured, bearing interest at rates from 2.5% per annum to 10% per annum and whose maturity dates are ranging from 1 year to 7 years from the dates of issue. The effective interest rates of the promissory notes are ranging from 9.85% per annum to 23.81% per annum.

During the year, the Company issued unsecured promissory notes with aggregate principal amounts of HK\$119,360,000 (2013: Nil). 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 note 38(a) to the financial statements.

During the year ended 31 March 2014, the Group early repaid the promissory note with a nominal value of HK\$8,000,000. The promissory note holder has agreed to waive the accrued interest of HK\$378,699. A loss of HK\$314,543 on early redemption is recognised in the consolidated profit or loss and other comprehensive income.

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.

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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. The Company appointed Ascent Partners to assess the fair value of the early redemption option on initial recognition and as at the reporting date. In the opinion of Ascent Partner, the fair value of the early redemption option was considered nil value on both initial recognition and as at the reporting date.

The fair values of the promissory notes as at 31 March 2014 are approximately HK\$98,826,000 and were valued by the independent valuer, Ascent Partner.

A promissory note issued to a shareholder with carrying amount of HK\$32,522,293 (2013: Nil) was included in the balance as at 31 March 2014. The promissory note is unsecured, bearing interest of 3% per annum and repayable on 24 December 2015.

30. CONVERTIBLE BONDS

	2014 HK\$	2013 HK\$
Convertible bonds with principal amount of:		
– HK\$55,500,000	9,103,132	–
– HK\$15,600,000	2,506,533	–
	11,609,665	–
Analysed as:		
Current liabilities	7,913,460	–
Non-current liabilities	3,696,205	–
	11,609,665	–

On 24 January 2014 and 20 March 2014, the Company issued unsecured convertible bonds with principal amount of HK\$55,500,000 (the “CB1”) and HK\$15,600,000 (the “CB2”) respectively. The maturity dates of CB1 and CB2 are 23 July 2015 and 20 September 2015 respectively. CB1 and CB2 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 and CB2 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 24 March 2014.

In addition to the above, at any time before the maturity dates (the “Conversion Period”), the Company may early redeem all or part of the CB1 and CB2 at principal amount plus any accrued and unpaid interest thereon the redemption date. Besides, during the Conversion Period, the bond holders of CB1 and CB2 are deemed to convert all outstanding convertible bonds provided that the average closing price of the shares of the Company for immediately preceding ten consecutive trading days exceeds HK\$0.32, which is 35% more than the prevailing Conversion Price.

Notes to the Financial Statements

For the year ended 31 March 2014

30. CONVERTIBLE BONDS (CONTINUED)

If any principal amount of the CB1 and CB2 which have not been redeemed or converted in accordance with the terms and conditions of the convertible bond instruments by its respective maturity dates shall be (i) converted into the conversion shares on the maturity date or (ii) in the event that the conversion of the CB1 and CB2 will trigger a mandatory offer obligation under the takeovers code, be redeemed by the Company on the maturity date at a redemption amount equal to 100% of the principal amount of the outstanding convertible bonds.

CB1 and CB2 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 and CB2 are 14.66% per annum and 14.61% 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.

The net proceeds received from the issue of CB1 and CB2 have been split between the derivative component of convertible bonds, liability and equity component, as follows:

	2014	2014	2013	2013
	CB1	CB2	Total	Total
	HK\$	HK\$	HK\$	HK\$
Proceeds from issue	54,945,000	15,444,000	70,389,000	–
Equity components	(66,583,373)	(19,248,049)	(85,831,422)	–
Derivative components of convertible bonds at dates of issue	20,515,770	6,299,370	26,815,140	–
Liability components at dates of issue	8,877,397	2,495,321	11,372,718	–
Interest charged	225,735	11,212	236,947	–
Liability components at 31 March	9,103,132	2,506,533	11,609,665	–
Less: Amount due within one year	(6,204,393)	(1,709,067)	(7,913,460)	–
Amount due over one year	2,898,739	797,466	3,696,205	–
Derivative components at dates of issue	20,515,770	6,299,370	26,815,140	–
Fair value loss for the year	(60,770)	(71,370)	(132,140)	–
Derivative components at 31 March	20,455,000	6,228,000	26,683,000	–

The directors estimate the fair values of the liability components of the CB1 and CB2 at 31 March 2014 to be approximately HK\$9,154,000 and HK\$2,534,000 respectively. These fair values have been calculated by discounting the future cash flows at an equivalent market interest rate for a similar bond without a conversion option (level 3 fair value measurements).

Notes to the Financial Statements

For the year ended 31 March 2014

30. CONVERTIBLE BONDS (CONTINUED)

The derivative components of convertible bonds are measured at its fair values at the date of issues and at the end of each reporting period. The fair values of derivative components of convertible bonds for CB1 and CB2 are estimated using Monte Carlo simulation method (level 3 fair value measurements) and were valued by the independent valuer, Ascent Partners. The key assumptions used are as follows:

	CB1		CB2	
	At 31 March 2014	At date of issue	At 31 March 2014	At date of issue
Share price	HK\$0.13	HK\$1.29	HK\$0.13	HK\$1.34
Risk free rate	0.37%	0.32%	0.40%	0.35%
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	106.45%	102.43%	103.46%	102.69%
Yield spread	13.66%	13.33%	13.09%	13.30%

31. BORROWINGS

	2014 HK\$	2013 HK\$
Trust receipt loans	4,444,173	5,000,000
Bank borrowings	–	1,666,667
	4,444,173	6,666,667

The Group's borrowings are repayable within one year for the years ended 31 March 2014 and 2013.

The carrying amounts of the Group's borrowings are denominated in HK\$.

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

	2014	2013
Trust receipt loans	6.25%	6.25%
Bank borrowings	N/A	4.25%

Trust receipt loans of HK\$4,444,173 (2013: HK\$5,000,000) are arranged at floating rates and expose the Group to cash flow interest rate risk. Other borrowings as at 31 March 2013 are arranged at fixed interest rates, thus exposing the Group to fair value interest rate risk.

As at 31 March 2014, the Group had banking facilities of HK\$19,250,000 (2013: HK\$24,250,000) of which HK\$4,444,173 (2013: HK\$6,666,667) were utilised.

At 31 March 2014, trust receipt loans with carrying amount of HK\$4,444,173 are secured or guaranteed by the Group's leasehold land and buildings with an aggregate net book value of HK\$4,303,753 and corporate guarantees provided by the Company.

Notes to the Financial Statements

For the year ended 31 March 2014

31. BORROWINGS (CONTINUED)

At 31 March 2013, borrowings with carrying amount of HK\$6,666,667 are secured or guaranteed by the following:

- (a) The Group's leasehold land and buildings with an aggregate net book value of HK\$4,432,861;
- (b) Pledge of the Group's bank deposits with an aggregate carrying value of HK\$1,510,837; and
- (c) Corporate guarantees provided by the Company.

32. DUE TO A SHAREHOLDER

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

33. DEFERRED TAX LIABILITIES

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

	Intangible assets HK\$	Accelerated tax depreciation HK\$	Withholding tax on undistributed earnings HK\$	Total HK\$
At 1 April 2012, 31 March 2013 and 1 April 2013	–	157,441	816,253	973,694
Acquisition of a subsidiary	24,508,750	–	–	24,508,750
Credit to consolidated profit or loss for the year (note 11)	(1,470,525)	–	–	(1,470,525)
At 31 March 2014	23,038,225	157,441	816,253	24,011,919

As at 31 March 2014, deferred tax liabilities of approximately HK\$1,872,000 (2013: approximately HK\$1,700,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of a subsidiary. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At the end of the reporting period the Group has unused tax losses of approximately HK\$27,965,000 (2013: approximately HK\$12,137,000) 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\$11,756,000 (2013: approximately HK\$6,407,000) that have an expiry period of five years. Other tax losses may be carried forward indefinitely.

Notes to the Financial Statements

For the year ended 31 March 2014

34. SHARE CAPITAL

	Note	Number of shares	Amount HK\$
Authorised:			
Ordinary shares of HK\$0.0001 (2013: HK\$0.001) each			
At 1 April 2012, 31 March 2013 and 1 April 2013		1,000,000,000	1,000,000
Share subdivision	(d)	9,000,000,000	–
At 31 March 2014		10,000,000,000	1,000,000
Issued and fully paid:			
Ordinary shares of HK\$0.0001 (2013: HK\$0.001) each			
At 1 April 2012, 31 March 2013 and 1 April 2013		550,000,000	550,000
Issue of shares by placement	(a)	110,000,000	110,000
Issue of shares by placement	(b)	11,450,000	11,450
Issue of shares upon acquisition of a subsidiary	(c)	55,000,000	55,000
Share subdivision	(d)	6,538,050,000	–
At 31 March 2014		7,264,500,000	726,450

Notes:

- (a) On 4 July 2013, the Company issued 110,000,000 ordinary new shares at a subscription price of HK\$0.12 per share for a total cash consideration of HK\$13,200,000. The premium on the issue of shares amounting to HK\$12,736,825, net of share issue expenses, was credited to the Company's share premium account.
- (b) On 2 December 2013, the Company issued 11,450,000 ordinary new shares at a subscription price of HK\$1.56 per share for the total cash consideration of HK\$17,862,000. The premium on the issue of shares amounting to HK\$17,377,586, net of share issue expenses, was credited to the Company's share premium account.
- (c) During the year, the Company issued 55,000,000 ordinary new shares at the issue price of HK\$1.60 per share to the Vendor as partial settlement of the consideration for the acquisition of 3 Dynamics.
- (d) Pursuant to an ordinary resolution passed on 24 March 2014, each of the issued and unissued ordinary share of HK\$0.001 each in the share capital of the Company be subdivided into ten new ordinary shares of HK\$0.0001 each.

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.

Notes to the Financial Statements

For the year ended 31 March 2014

34. SHARE CAPITAL (CONTINUED)

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 promissory notes, bank loans and convertible bonds). Equity comprises share capital and reserves.

	2014 HK\$	2013 HK\$
Total debts	115,811,317	6,666,667
Less: Cash and cash equivalents	(91,155,559)	(12,709,788)
Net debt	24,655,758	N/A
Total equity	222,442,629	53,955,033
Total capital	247,098,387	53,955,003
Gearing ratio	10.0%	N/A

The increase in total debts and gearing ratio from year ended 31 March 2013 is mainly due to the Group raised additional debts by issuing convertible bonds and promissory notes to finance future investment opportunities and used as general working capital of the Group.

The only externally imposed capital requirement is that for the Group to maintain its listing on The Stock Exchange of Hong Kong Limited it has to have a public float of at least 25% of the issued shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 March 2014, 61% (2013: 30%) of the shares were in public hands.

Notes to the Financial Statements

For the year ended 31 March 2014

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2014 HK\$	2013 HK\$
Investments in subsidiaries		9,291,068	23
Property, plant and equipment		1,483,828	–
Deposit paid for acquisition of a subsidiary		15,000,000	–
Deposits paid for acquisition of property, plant and equipment		8,000,000	–
Other receivables		3,546,107	162,328
Due from subsidiaries		245,523,497	24,902,526
Derivative components of convertible bonds		26,683,000	–
Bank and cash balances		25,971,293	18,844
Accruals and other payables		(1,856,356)	(155,887)
Due to a subsidiary		(435,462)	(304,200)
Promissory notes		(99,757,479)	–
Convertible bonds		(11,609,665)	–
NET ASSETS		221,839,831	24,623,634
Capital and reserves			
Share capital		726,450	550,000
Reserves	36(b)	221,113,381	24,073,634
TOTAL EQUITY		221,839,831	24,623,634

36. RESERVES

(a) Group

The amounts of Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

Notes to the Financial Statements

For the year ended 31 March 2014

36. RESERVES (CONTINUED) (b) Company

	Share premium HK\$	Share- based capital reserve HK\$	Convertible bonds equity reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 April 2012	29,530,415	-	-	(2,576,335)	26,954,080
Loss for the year	-	-	-	(2,880,446)	(2,880,446)
At 31 March 2013	29,530,415	-	-	(5,456,781)	24,073,634
At 1 April 2013	29,530,415	-	-	(5,456,781)	24,073,634
Loss for the year	-	-	-	(59,810,086)	(59,810,086)
Issue of shares upon placing, net of share issuance expenses	30,114,411	-	-	-	30,114,411
Issue of share for acquisition of a subsidiary (note 38(a))	87,945,000	-	-	-	87,945,000
Recognition of equity-settled share-based payments	-	52,959,000	-	-	52,959,000
Share option lapsed	-	(6,511,000)	-	6,511,000	-
Recognition of equity component of convertible bonds	-	-	85,831,422	-	85,831,422
At 31 March 2014	147,589,826	46,448,000	85,831,422	(58,755,867)	221,113,381

(c) 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.

(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.

Notes to the Financial Statements

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37. 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.

Notes to the Financial Statements

For the year ended 31 March 2014

37. 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	
			Before share subdivision HK\$	After share subdivision (Note) HK\$
Directors, employees and consultants	17.9.2013	17.9.2013 to 16.9.2023	2.18	0.22
	10.10.2013	10.10.2013 to 9.10.2023	1.96	0.20
	13.1.2014	13.1.2014 to 12.1.2024	1.57	0.16

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.

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

	2014		2013	
	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	-	-	-	-
Granted during the year	60,500,000	2.05	-	-
Lapsed during the year	(5,500,000)	(2.18)	-	-
Share subdivision during the year	495,000,000	-	-	-
Outstanding at the end of the year	550,000,000	0.20	-	-
Exercisable at the end of the year	550,000,000	0.20	-	-

The options outstanding at the end of the year have a weighted average remaining contractual life of 9.5 years (2013: Nil) and the exercise prices range from HK\$0.16 to HK\$0.22 (2013: Nil). The estimated fair values of the options granted on 17 September 2013, 10 October 2013 and 13 January 2014 are HK\$42,631,000, HK\$3,688,000 and HK\$6,640,000 respectively.

Note: The exercise price and number of shares subject to share options were adjusted pursuant to the share subdivision of the Company's shares became effective on 24 March 2014.

Notes to the Financial Statements

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37. SHARE-BASED PAYMENTS (CONTINUED) Equity-settled share option scheme (Continued)

The estimated fair values of the share options granted on 17 September 2013, 10 October 2013 and 13 January 2014 are determined using the Binominal Option Pricing Model ("Binominal"). The respective fair values and significant inputs to the models were as follows:

	Share option grant date		
	17 September 2013	10 October 2013	13 January 2014
Model	Binomial	Binomial	Binomial
Fair value at measurement date	HK\$42,631,000	HK\$3,688,000	HK\$6,640,000
Number of share options granted	44,000,000	5,500,000	11,000,000
Grant date share price	HK\$2.04	HK\$1.82	HK\$1.57
Expected volatility	98.36%	97.84%	65.25%
Risk free rate	2.27%	2.09%	2.40%
Expected life	10 years	10 years	10 years

Expected volatility for the share options granted on 17 September 2013 and 10 October 2013 were determined by calculating the historical volatility of the Company's share price since its Initial Public Offering to the valuation date. Expected volatility for share options granted on 13 January 2014 was determined by using the historical volatility of share price of comparable listed companies. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

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.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of a subsidiary

On 31 December 2013, the Group acquired the entire issued share capital of 3 Dynamics at a total consideration of HK\$170,000,000, which is satisfied by (i) cash of HK\$40,000,000, (ii) the issue of 55,000,000 consideration shares of the Company of approximately HK\$82,500,000 at a price of HK\$1.5 per share of which (a) share certificate in respect of 27,000,000 consideration shares was delivered to the Vendor; and (b) share certificate in respect of 28,000,000 consideration shares was delivered to the escrow agent as security for the performance of the Vendor's obligations under a Profit Guarantee clause that the Audited Net Profit of 3 Dynamics for the upcoming 12 months after the acquisition date shall not be less than HK\$42,000,000; and (iii) HK\$47,500,000 in form of the promissory note in favour of the Vendor. 3 Dynamics was engaged in the development of digital applications and was acquired to provide an opportunity for the Group to diversify its risk and broaden the source of income.

Notes to the Financial Statements

For the year ended 31 March 2014

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Acquisition of a subsidiary (Continued)

The fair value of the identifiable assets and liabilities of 3 Dynamics acquired as at its date of acquisition is as follows:

Net assets acquired:	HK\$
Property, plant and equipment	539,353
Intangible assets	98,035,000
Trade and other receivables	125,733
Trade and other payables	(491,103)
Bank overdrafts	(39,543)
Amount due to a shareholder	(3,012,495)
Deferred tax liabilities	(24,508,750)
	<hr/>
Net identifiable assets and liabilities	70,648,195
Goodwill	91,489,805
Contingent consideration receivables	4,535,000
	<hr/>
Total consideration for acquisition	166,673,000
	<hr/>
Fair value of consideration transferred	
Cash consideration paid	40,000,000
Promissory note at fair value	38,673,000
55,000,000 ordinary shares of the Company	88,000,000
	<hr/>
Total consideration paid	166,673,000
	<hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	40,000,000
Cash and cash equivalents acquired	39,543
	<hr/>
	40,039,543

The fair value of the trade and other receivables acquired is HK\$125,733. The gross amount due under the contracts is HK\$125,733. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

The fair value of the 55,000,000 consideration shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares at the Acquisition Date. The fair value of the promissory note with principal value of HK\$47,500,000 was determined at the Acquisition Date.

The fair value of the contingent consideration receivables of HK\$4,535,000 was valued by Ascent Partners, using discounted cash flow method (level 3 fair value measurements). Details of the contingent consideration receivables is set out in note 24 to the financial statements.

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38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Acquisition of a subsidiary (Continued)

The goodwill arising on the acquisition of 3 Dynamics is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

3 Dynamics contributed approximately HK\$2,112 and HK\$830,316 to the Group's turnover and loss for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2013, total Group turnover for the year would have been HK\$128,492,136, and loss for the year would have been HK\$92,414,709. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2013, nor is intended to be a projection of future results.

(b) Disposal of subsidiaries

On 15 August 2013, Able One Investments Limited ("Able One"), a wholly-owned subsidiary of the Company, and Mr. Leow Swee Heng (the "Purchaser") have entered into a sale and purchase agreement, pursuant to which Able One has agreed to dispose of its entire interest held in MEMS Solutions International Limited and its subsidiaries to the Purchaser at a cash consideration of HK\$1,200,000 (the "Disposal"). During the year ended 31 March 2014, the Disposal has been completed following all the precedent conditions to the Disposal being fulfilled.

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

	HK\$
Available-for-sale financial assets	1,110,739
Other receivables	47,694
Financial assets at fair value through profit or loss	640
Bank and cash balances	4,204
Amount due to former fellow subsidiaries	(4,072,641)
Net liabilities disposed of	(2,909,364)
Direct cost to the Disposal	20,075
Waiver of amount due to former fellow subsidiaries	4,062,641
Gain on disposal of subsidiaries	26,648
Total consideration	1,200,000
Net cash inflow arising on the Disposal:	
Cash consideration received	1,200,000
Cash and cash equivalents disposed of	(4,204)
	1,195,796

Notes to the Financial Statements

For the year ended 31 March 2014

39. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties:

Name of the related party	Relationship
Charm Wealth Development Limited ("Charm Wealth")	Charm Wealth is beneficially owned by Mr. Chung Wai Sum, a shareholder of the Company

(b) Transactions with related parties

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2014 HK\$	2013 HK\$
Rental expenses in respect of a motor vehicle paid/payable to Charm Wealth	284,384	–

(c) Personal guarantees given by the directors in favour of the Group against the bank loans made to the Group totaling of HK\$1,666,667 at 31 March 2013.

(d) The Company granted 110,000,000 and 55,000,000 share options (as adjusted to reflect share subdivision on 24 March 2014) to the directors and non-executive director respectively which are exercisable from 17 September 2013 to 16 September 2023 at an exercise price of HK\$0.22 each (as adjusted to reflect share subdivision on 24 March 2014).

40. CONTINGENT LIABILITIES

As at 31 March 2014, the Group and the Company did not have any significant contingent liabilities (2013: Nil).

41. CAPITAL COMMITMENTS

The Group and the Company's capital commitments at the end of the reporting period are as follows:

(a) As at 31 March 2014, the Group's capital commitments for the acquisition of property, plant and equipment which were contracted for but not provided in the financial statements, were amounted to HK\$137,967 (2013: HK\$527,000).

(b) On 11 December 2013, the Company established a wholly owned subsidiary, Jilin China Oil Gangran Energy Development Company Limited ("Jilin China Oil") in the PRC with registered capital of HK\$100,000,000. At 31 March 2014, the Company has not yet contributed any capital to Jilin China Oil. In accordance with the memorandum of association of Jilin China Oil, capital contribution of HK\$100,000,000 shall be contributed to Jilin China Oil within two years from the date of its establishment.

(c) On 2 December 2013, the Company and other two parties established a sino-foreign equity joint venture, 江西中油港燃能源科技有限責任公司 ("江西中油") in the PRC with registered capital of RMB100,000,000 (equivalent to HK\$125,600,000), of which RMB51,000,000 (equivalent to HK\$64,056,000) is required to be contributed by the Company. At 31 March 2014, the Company has contributed RMB35,000,000 (equivalent to HK\$43,960,000) to 江西中油. In accordance with the memorandum of association of 江西中油, the remaining balance of RMB16,000,000 (equivalent to HK\$20,096,000) shall be contributed to 江西中油 within two years from the date of its establishment.

Notes to the Financial Statements

For the year ended 31 March 2014

42. OPERATING LEASE COMMITMENTS

At 31 March 2014 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 HK\$	2013 HK\$
Within one year	5,717,976	2,635,563
In the second to fifth years inclusive	13,830,700	2,948,929
After five years	5,363,753	–
	24,912,429	5,584,492

Operating lease payments represent rentals payable by the Group for certain of its offices, staff quarters, motor vehicles and plant and machinery. Leases are negotiated for an average term of 5 years (2013: 4 years) and rentals are fixed over the lease terms and do not include contingent rentals.

43. 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.

44. SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2014 are as follows:

Name	Place of incorporation/ registration	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”)	3 ordinary shares of US\$1 each	100%	–	Investment holding
Brave Champ Holdings Limited	BVI	1 ordinary share of US\$1 each	100%	–	Investment holding
Brave Lead International Limited	BVI	1 ordinary share of US\$1 each	100%	–	Investment holding
Capital Convoy Limited	BVI	1 ordinary share of US\$1 each	–	100%	Investment holding
Joint Market Limited	BVI	1 ordinary share of US\$1 each	–	100%	Investment holding

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For the year ended 31 March 2014

44. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities
			Direct	Indirect	
Brilliant Access Holdings Limited	BVI	1 ordinary share of US\$1 each	100%	–	Investment holding
Dynamics Miracle Limited	BVI	1 ordinary share of US\$1 each	100%	–	Investment holding
Yuan Da Capital Limited	BVI	1 ordinary share of US\$1 each	100%	–	Investment holding
Rich Talent Worldwide Limited	BVI	1 ordinary share of US\$1 each	100%	–	Investment holding
New Skyline Group Limited	BVI	1 ordinary share of US\$1 each	100%	–	Investment holding
Sun Fair Electric Wire & Cable (HK) Company Limited	Hong Kong	HK\$3,000,000	–	100%	Trading of power and data cords
Logic Dynamic Limited	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	HK\$10,000	–	100%	Inactive
China Oil Gangran Energy Group Limited	Hong Kong	HK\$10,000	–	100%	Investment holding
Sun Fair Industrial	Hong Kong	HK\$10,000	–	100%	Manufacturing and trading of raw cables for power and data cords

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For the year ended 31 March 2014

44. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities
			Direct	Indirect	
Sun Fair Electric Wire & Cable Solutions Limited	Hong Kong	HK\$400,000	–	70%	Provision of services to facilitate sales arrangements and support
China Oil Gangran Energy Group (Hong Kong) Limited	Hong Kong	HK\$1	–	100%	Investment holding
Prosper State International Holdings Limited	Hong Kong	HK\$1	–	100%	Inactive
3 Dynamics	Hong Kong	HK\$10,000	–	100%	Engaged in provision of programming services, web services, mobile marketing solutions and development of mobile games
China Oil Gangran Energy Group International Limited (Formerly known as China Oil Gangran Energy Group Holdings Limited and Day Bright International Limited)	Hong Kong	HK\$1	–	100%	Investment holding
Treasure Rich International Investment Limited	Hong Kong	HK\$1	–	100%	Inactive
Sun Fair SZ	The 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	HK\$4,000,000	–	100%	Manufacturing of power and data cords

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For the year ended 31 March 2014

44. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities
			Direct	Indirect	
江西中油	The PRC	RMB100,000,000	-	51%	Development of liquefied natural gas, compressed natural gas and related clean energy business
吉林中油港燃能源 開發有限公司 Jilin China Oil	The PRC	HK\$100,000,000	-	100%	Development of liquefied natural gas, compressed natural gas and related clean energy business

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.

45. EVENTS AFTER THE REPORTING PERIOD

- (a) On 7 May 2014, the Company and China Investment Securities International Brokerage Limited entered into a placing agreement (the "Placing Agreement") in respect of issuance of convertible bonds up to an aggregate principal amount of HK\$84,000,000 to not less than six independent placees. The convertible bonds were unsecured, bearing 12.5% interest rate per annum with a maturity of 18 months from the date of issue and is convertible into ordinary shares of the Company at an initial conversion price of HK\$0.237 per share.

On 28 May 2014, the Company announced that all conditions precedent under the Placing Agreement have been fulfilled and the Company issued convertible bonds in the aggregate principal amount of HK\$22,100,000 to not less than six independent placees. The net proceeds from the subscription of HK\$21,800,000 will be used as general working capital and/or financing future investment opportunities of the Group.

Details of the transactions are set out in the Company's announcements dated on 7 May 2014, 14 May 2014 and 28 May 2014 respectively.

- (b) On 15 May 2014, 30 May 2014 and 17 June 2014, the Company issued promissory notes at the principal amounts of HK\$5,000,000, HK\$10,000,000 and HK\$8,000,000 which are due on 14 May 2015, 29 May 2015 and 16 June 2015 respectively. The promissory notes are carrying an interest of 10% per annum. The proceeds from the above issuance of promissory notes will be used as general working capital and/or financing future investment opportunities of the Group.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014.

Financial Summary

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

RESULTS

	2014 HK\$000	For the year ended 31 March			
		2013 HK\$000	2012 HK\$000	2011 HK\$000	2010 HK\$000
Revenue	128,261	157,425	175,498	160,213	160,012
(Loss)/profit before income tax	(90,872)	(12,824)	(9,486)	21,029	28,530
Income tax credit/(expense)	2,002	136	(1,144)	(3,006)	(4,520)
(Loss)/profit for the year	(88,870)	(12,688)	(10,630)	18,023	24,010
Attributable to:					
Owners of the Company	(88,678)	(9,703)	(9,003)	18,023	24,010
Non-controlling interest	(192)	(2,985)	(1,627)	–	–
	(88,870)	(12,688)	(10,630)	18,023	24,010

ASSETS, EQUITY AND LIABILITIES

	2014 HK\$000	For the year ended 31 March			
		2013 HK\$000	2012 HK\$000	2011 HK\$000	2010 HK\$000
ASSETS					
Non-current assets	229,975	28,374	39,091	27,750	15,982
Current assets	170,521	77,428	104,157	70,372	75,310
Total assets	400,496	105,802	143,248	98,122	91,292
EQUITY AND LIABILITIES					
Total equity	222,443	53,955	64,420	42,497	34,474
Non-current liabilities	63,429	974	974	1,019	850
Current liabilities	114,624	50,873	77,854	54,606	55,968
Total liabilities	178,053	51,847	78,828	55,625	56,818
Total equity and liabilities	400,496	105,802	143,248	98,122	91,292
Attributable to:					
Owners of the Company	222,515	53,955	63,585	42,497	34,474
Non-controlling interest	(72)	–	835	–	–
	222,443	53,955	64,420	42,497	34,474