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

2015 Annual Report

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

Contents

Corporate Information	3
Chairman's Statement	5
Management Discussion and Analysis	9
Environmental, Social and Governance Report	21
Report of the Directors	29
Corporate Governance Report	42
Independent Auditor's Report	52
Consolidated Statement of Profit or Loss and Other Comprehensive Income	54
Consolidated Statement of Financial Position	56
Consolidated Statement of Changes in Equity	58
Consolidated Statement of Cash Flows	59
Notes to the Financial Statements	61
Financial Summary	140

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

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Prudential Tower, The Gateway
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Hong Kong

PRINCIPAL PRODUCTION PLANT

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Shenzhen, Guangdong Province
The People's Republic of China

COMPANY'S WEBSITES

www.chinaoilgangran.com
chinaoilgangran.todayir.com

LEGAL ADVISERS

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AUDITOR

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33 Canton Road
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Kowloon, Hong Kong.

STOCK CODE

8132

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Miss. Fok Joyce Sing Yan

COMPLIANCE OFFICER

Mr. Ho Chun Kit Gregory

AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Ho Chun Kit Gregory
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
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Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
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COMPLIANCE ADVISER

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Central, Hong Kong

Chairman's Statement

"Diversifying Business and Moving to a New Page"

Dear Shareholders,

On behalf of the board of Directors (the "Board") of China Oil Gangran Energy Group Holdings Limited (the "Company") and its subsidiaries (collectively as the "Group"), I am pleased to present to our Shareholders the annual results of the Group for the year ended 31 March 2015 (the "Financial Year").

During the Financial Year under review, the global economy was under sustained uncertainties such as the volatile U.S. rate policy direction, unsettled European debt crisis and the quantitative easing policies adopted by certain European and Asian countries to stimulate their economies. Under such stringent international economic environment, the China economy was still able to maintain a moderate-to-high speed of growth but began to show signs of slowing down. With continuous in-depth government reform, adjustments in economic structure also generated profound impact on economic development. Under such macroeconomic background, in order to reduce the potential unfavourable impact of various uncertainties in economic environment on the Group, the Group strives to overcome the unfavourable impact by expanding its strengths grasping business opportunities, and accelerating its development. We have been exploring and seeking opportunities for adding potential and sustainable development to the Group while consolidating our existing businesses. For potential investment projects, the Group continues to assess such projects and their relevant industries prudently in order to make investment decisions that can benefit the long-term development of the Group.

During the Financial Year, both the traditional and new businesses of the Group achieved a stable development. On one hand, the household appliances and mobile headset data cord markets was facing a downturn due to the intensifying industry competition, while the medical control devices business of the Group continued a growth in the Mainland China.

To diversify its business operating risk and optimize its revenue structure, the Group completed the acquisition of 3 Dynamics (Asia) Limited in 2013 and entered into the rapidly developing mobile phone game and digital applications (the "APPS") market. This strategy further extended the business chain of the Group. During the Financial Year, despite that the digital application business was still at the development stage with potential business partners, with the smartphones becoming increasingly prominent in Mainland China, it is believed that the mobile phone game market will continue to expand. The Group is optimistic about the promising mobile phone game market in China, and expects this digital application business will generate revenue and contribute profit to the Group in the years to come.

Chairman's Statement

On the other hand, the Group seized the opportunity of the structural and operation model adjustments of the petroleum and natural gas business in China, actively identified business opportunities, looked for cooperation to stabilize its business development, and thus, not only has it solved its current development issues, but also accumulated experience and created the essential foundation for its scalable development in future. Reviewing the Group's business development during the Financial Year, the main highlights were as follows:

I. The Group jointly established a joint venture, indirectly holding 51% of its shareholdings, Jiangxi China Oil Gangran Energy Technology Company Limited (the "JV Company"), with Jiangxi Zhongyou Yingtai Natural Gas Limited Liability Company ("Zhongyou Yingtai"), holding 40% of its shareholdings and Zhongwaijian Engineering Construction Limited ("Zhongwaijian"), holding 9% of if shareholdings. Upon its incorporation, the JV Company rapidly begin to negotiate the "vessel liquefied natural gas ("LNG") conversion" business with potential partners, and will establish a foothold into the promising natural gas market supported by national policy.

II. The branch company in Jiangxi (the "Jiangxi Branch Company") commenced the cooperation with key universities and research institutions in China, conducted research and solved the core issues of vessel LNG conversion, thereby establishing the core capacity with independent intellectual property rights.

III. Currently, Jiangxi Branch Company also actively cooperates with Harbin Institute of Technology to further optimize and upgrade the system of the vessel LNG technology.

The main significance of that project is that the business development of the Group is in line with the fundamental policies of the Chinese government. China has started to promote energy conservation and emission reduction as parts of the 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 Chinese government has always been providing key policy support considering natural gas as the clean energy of the highest quality for the purpose of achieving energy conservation, emission reduction and a low-carbon economy. Recently, the Chinese government launched a series of policies one after another on the applications of natural gas and the prevention and control of air pollution to accelerate the regulation on those industries with high energy consumption and heavy pollution. The government also gradually directed and promoted the transformation and upgrade of traditional industries, and facilitated the implementation of the measures on "coal-to-gas" and "oil-to-gas" conversions so as to ensure the remarkable and healthy development of the clean energy industry in China. Meanwhile, haze regulation and the continual urbanization have further strengthened the rigid demand for clean energy in China.

Today, China has successively implemented various measures to promote natural gas consumption and the application of natural gas in the water transportation sector, with relevant supportive efforts gradually enhancing. It is also clear that the government policies would provide full subsidy to vessels with successful acceptance and inspection in "oil-to-gas" conversions. The support in policies and systems will benefit the long term development and achieve more substantial returns of natural gas enterprises in future.

Moreover, comparing to traditional diesel fuels, using LNG fuels would sufficiently reduce carbon dioxide, oil and water waste emission. This project utilizes high-tech environmental protection and energy conservation technology, serving as the key supporting target of the country, which will lead to the dual positive impacts on resources consumption and deployment. The unique patented technologies for vessel "oil-to-gas" conversions will significantly motivate vessel owners to employ the Group's advanced utilization conversion services, adopted by the JV Company by which it will create a sound basis for the market development of the businesses of the JV Company. Once the "oil-to-gas" project is in full operation, it is expected to generate great economic benefit and bring positive impact on the Group's profit. In addition, applying natural gas in the water transportation industry is in line with the government's strategic directions of advocating energy conservation, emission reduction, and promoting natural gas application. The subsidized policies towards relevant businesses are implementing gradually, thereby facilitating the Group to develop its natural gas business and providing favourable factors for the Group's income.

In addition, the Jiangxi JV Company endeavoured to promote the business of vessel LNG conversion, on such basis it has been actively seeking cooperation with Chinese petroleum and refined oil sales companies to establish a new marketing mechanism comprising integrated stations of oil refuel, gas refill and power charging. The JV company is developing the sales business of refined oil and will operate 6 bunker barges of 1,800 tons each in Yangtze River, Ganjiang River and Poyang Lake area with exclusive operation rights. Yangtze River, Ganjiang River and Poyang Lake are the National exclusive water transport areas for the sales of refined oil, and for now, only the three major state-owned enterprises, China National Petroleum Corporation (CNPC), China Petrochemical Corporation (CPCC) and China National Offshore Oil Corporation (CNOOC), have the right to sell in these areas. While water transportation market is ginormous with ideal prospective development, in the condition that the Group has an opportunity to participate in it, such project would create a huge market benefit, and in no doubt setting as the economic growth point for any future development of the Jiangxi JV Company.

Until now, the Jilin subsidiary of the Group has been cooperating with Jilin Oilfield Management Bureau in businesses including, power upgrading, contractual energy management and new technological energy transformation. Also, it participated in the development of Jilin Oilfield District 224, with the main objective of researching, coordinating and co-operating for the implementation approach and the related operation and technical issues.

This Jilin subsidiary also explores the development prospects in energy saving and environmental protection projects with the government and relevant enterprises. They plan to implement high-tech improvement to cater for the demand of the transformation of Jilin power plants. The power plants consume thousands of tons of coal and produce waste residue besides pollution each year. The development first is to recycle waste residue into new fuel for further use, second is to recycle the dust produced during combustion process for the production of potash fertilizer as by-product, all of these are expected to become the new drivers of the Group's future growth.

Chairman's Statement

In the coming year, the Group will continue to strengthen its risk management and act prudently to mitigate risk. Also, the Group will closely evaluate its business model and explore new direction of business development while consolidating its existing businesses, so as to enhance the Group's core competitiveness. The Group will also continue to seize the opportunities brought by the favourable policies implemented by the government and focus on accelerating the development of its promising 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 medium and long term can be achieved for maximizing the returns and value offered to the Company's Shareholders.

I would like to take this opportunity to extend my sincere gratitude to all fellow Directors, management and our staffs for their dedication to the Group's development. I would also like to thank all of our Shareholders, investors and business associates for their continuous trust and support. The Group will continue to strive for sustainable growth in the future.

Zou Donghai
Chairman
23 June 2015

Management Discussion and Analysis

FINANCIAL REVIEW

The Group's turnover for the Financial Year was approximately HK$79.6 million, representing a decrease of approximately 38.0% as compared to approximately HK$128.3 million of the last year. Such decrease in the turnover was mainly attributable to the decrease in turnover from power and data cords for household appliances, mobile headset and medical devices.

The Group's loss attributable to owners of the Company for the Financial Year was approximately HK$217.1 million, representing an increase of approximately 144.8% as compared to the loss of approximately HK$88.7 million of the last year. The increase in loss was mainly due to (i) the substantial increase in legal and professional fee and consultation expenses by HK$70.9 million from HK$29 million of the last year to HK$99.9 million of the Financial Year as a result of the appointment of a market solution company to assist the Group in seeking business opportunities and in formulating public relations strategies in order to expand its business scope; (ii) the increase in finance costs by approximately HK$11.1 million from HK$5.8 million of the last year to approximately HK$16.9 million of the Financial Year, mainly arising from further issuance of promissory notes and convertible bonds during the Financial Year; and (iii) the decrease in gross profit of the power and data cord business by approximately 23.3% from HK$21 million of the last year to HK$16.1 million of the Financial Year resulting from the continuous fierce market competition in the business of sales of power and data cords for mobile headsets and household appliances.

During the year ended 31 March 2015, the Group has recorded an impairment loss on other receivable and deposit paid for acquiring property, plant and equipment which were in approximate amounts of HK$16 million and HK$10 million respectively.

The other receivable of approximately HK$16 million represents a deposit paid for an early stage of possible merger and acquisition to an independent third party. The impairment loss has been made in light of the fact that the said third party has not honored the contract that he and the Company have originally agreed from which the entire deposit should have been refunded on or before 31 March 2015.

Pursuant to the consultant agreement dated 1 November 2013 (the "Consultant Agreement"), 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. The principal shall be 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 which has been extended to 30 August 2014.

Subsequent to 30 August 2014, as no formal sale and purchase agreement has been singed, the deposit and the interest receivable shall have been refunded and realized immediately according to those terms contained in the Consultant Agreement; however, the Group has experienced delinquencies in receiving not only interest payment but also the principal. Thus, the deposit of approximately HK$10 million in total has been written off in its entire amount.

The Board does not recommend the payment of final dividend for the Financial Year.

Management Discussion and Analysis

BUSINESS REVIEW

In order to diversify its operating risks and expand its sources of income, the Group continuously and proactively sought to capture a full spectrum of development strategies and investment opportunities. In December 2013, the Group completed its acquisition of the entire issued share capital of 3 Dynamics (Asia) Limited ("3 Dynamics"), a company principally engaged in the development of digital applications (APPs), including but not limited to handheld electronic game consoles, mobile game applications and digital marketing solutions. As the gaming digital application business was still in its development stage, it has yet contributed substantial revenue to the Group during the Financial Year.

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 company (the "JV Company") 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. The JV Company was formally set up in January 2014 and its registered capital of RMB100 million was fully paid up during the Financial Year. Currently, the business of the JV Company will be focused on the conversion of traditional diesel utilization to LNG utilization by vessels in the water transportation industry. Symbolising the Group's milestone in its long term development, the joint venture project enabled the Group to participate in the blooming China natural gas market. The Group will continue to broaden its development in the natural gas market in Mainland China and participate in other clean energy business should opportunities arise.

Regarding the Group's geographical operational structure, remained to be the major markets for its business, with the aggregate turnover from Hong Kong and Mainland China accounted for approximately 50.1% (2014: approximately 50.1%) of the Group's total turnover for the Financial Year. The turnover from other overseas markets, including the United States, accounted for approximately 49.9% (2014: approximately 35%) of the Group's total turnover for the Financial Year.

Power and Data Cords Business

The power and data cords business in aggregate contributed a turnover and gross profit for the Financial Year of HK$78.6 million (2014: HK$128.3 million) and HK$15.1 million (2014: HK$21 million) respectively to the Group, representing a decrease of approximately 38.7% and 23.3% respectively as compared to the last year. Nevertheless, aggregate gross profit margin increased from approximately 16.4% of the last year to approximately 23.3% of the Financial Year as a result of the successful cost control of the business during the Financial Year.

Power Cords and Inlet Sockets for Household Electric Appliances

Turnover from power cords and inlet sockets for household electric appliances was approximately HK$22 million (2014: approximately HK$36 million), representing a decrease of approximately 38.9% as compared to the last year.

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. Although the turnover from such business experienced a downturn during the Financial Year due to fierce market competition, the Group believes that the high standard of these products can satisfy market expectation and customer needs and the business can contribute a stable source of income for the Group. The Group will review its market strategies and make prompt adjustment with the hope to maintain a steady growth for the business in the long run.

Power and Data Cords for Mobile Phones and Medical Control Devices

Market competition in the sector remained fierce during the Financial Year. As such, the Group focused on those customer groups with high profit margins and rigorously controlled its production costs. As a result, the Group's turnover from power and data cords for mobile phones recorded a decrease of 56.4% from approximately HK$70.7 million of the last year to approximately HK$30.8 million of the Financial Year.

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 speed and better audiovisual output quality. All our products conform to 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$24.9 million (2014: approximately HK$21.3 million), representing an increase of approximately 16.9% as compared to the last year.

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 last financial year has become a new income source of the Group within this business segment.

Management Discussion and Analysis

Development of Digital Applications

During the Financial Year, the development of gaming digital business of 3 Dynamics was still in the development stage with potential business partners. As such, the Group recorded a loss of approximately HK$31.8 million which has included approximately $23 million of intangible asset amortization for the Financial Year. Nevertheless, the management of the Group will closely monitor the progress of the development of new business and is confident that the business will contribute a promising revenue and profit to the Group upon its formal involvement in the highly blooming market of mobile phone games in the years to come.

Pursuant to the sale and purchase agreement ("SPA") in respect of the acquisition of 3 Dynamics, the vendor had guaranteed to the purchaser that the audited after-tax net profits of 3 Dynamics for the 12 months from the date of the completion of acquisition, i.e. for the period from 11 December 2013 to 10 December 2014, shall not be less than HK$42 million (the "Profit Guarantee"). The Profit Guarantee is secured by 280,000,000 consideration shares of the Company issue to the vendor. As shown in its audited financial statement, 3 Dynamics incurred an audited net loss after tax during the relevant profit guarantee period. Hence, the Group is entitled to a compensation of HK$42 million from the vendor. In accordance with the SPA, the Group is entitled to receive the compensation through the sales of the part of the consideration shares issued to the vendor which were previously pledged to the Group as security. Subsequently, after the year ended 31 March 2015, under terms and conditions as stipulated in the SPA, the consideration shares are to be sold in order to pay the proceeds under the Profit Guarantee. Details of the treatment of the pledged consideration shares was disclosed in the Company's announcement dated 13 May 2015. Further details are set out in note 23 of the consolidated financial statements.

Natural Gas and Clean Energy Business

In January 2014, 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") was set up for developing the businesses of LNG, CNG and related clean energy, including but not limited to the conversion of traditional diesel utilization to LNG utilization by vessels for water transportation ("Vessel LNG Utilization Conversion"). The JV Company is owned by the Group and another two joint venture partners, namely, Zhongyou Yingtai and Zhongwaijian as to 51%, 40% and 9% respectively.

During the Financial Year, the Group's natural gas business was in the preparation stage before the commencement of business. As at 31 March 2015, the JV Company has been set up with an office premises leased and recruited clerical staff and was ready to liaise with potential customers in the Ganjiang River area of the Jiangxi Province to provide service to vessel owners to convert traditional diesel utilization to LNG utilization by vessels.

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.

The Board also believes that the joint venture business will enable the Group to diversify its sources of revenue and enhance its long-term profitability in the years to come.

Management Discussion and Analysis

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 and professional natural gas operator in mainland China, the Company's English name has been officially changed 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 Company's Chinese name.

Effective from 23 April 2014, the Company's websites have been changed to www.chinaoilgangran.com and http://chinaoilgangran.todayir.com, in order to reflect the change of the Company's name.

OUTLOOK

During the Financial Year under review, despite the fierce competition in the sector of power and data cord business in which the Group operated, it consistently conducted its business in a steadfast manner, and cautiously reviewed and, by seizing the opportune moment, continued to expand its customer groups. Although the power and data cords business experienced a downturn during the Financial Year, it is expected to continue to be the Group's major source of revenue in the foreseeable future.

In 2014, China's market of mobile phone games was continued to boom despite 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 growth potential. 3 Dynamics, in which the Group successfully acquired its entire interests last 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 in the years to come.

On the other hand, 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 has directed the country to promote energy conservation and emission reduction as key strategies for the period covered by the Twelfth 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.

Management Discussion and Analysis

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. Also, in November 2014, the National Development and Reform Commission (the "NDRC") issued the Plan to Cope with Climate Changes (2014-2020) (《國家應對氣候變化規劃 (2014-2020年)》), pursuant to which, consumption of domestic natural gas is estimated to reach 360 billion cubic meters by 2020. At the same time, in respect of adjusting the structure of energies, China will promote the "coal-to-gas" conversion project, by which the demand for natural gas under such project will be presumed to reach 112 billion cubic meters, as estimated by the NDRC plan. This brings light to 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.

Moreover, according to the NDRC Jiangxi Bureau, as quoted by Jiangxi Daily, in an article titled "2020年江西將建成260座LNG汽車加氣站" on 14 August 2014. Jiangxi Provincial government has planned to facilitate the utilization of natural gas and pledges to complete the construction of 150 and 260 vehicle LNG stations and fulfill the target of 690 million and 1 billion cubic meters on vehicle LNG consumption by the end of 2017 and 2020 respectively. As such, the policy supports and attentions on the transportation natural gas field from the local government will be beneficial to the deepening of the Group's natural gas business in Jiangxi Province.

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 the return to its shareholders. On this basis, the Group will also continue to expand its scope of business in the field of clean energy, strengthening its market position in the energy sector and enhancing its business income.

Looking forward, in light of the new opportunities and challenges, 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 continue to put in more efforts in 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 for the Company's shareholders.

POTENTIAL ACQUISITION ACTIVITIES

During the Financial Year, the Group continued to seek for other investment opportunities so as to achieve the aims of business diversification and expand the source of income and optimize the returns to its shareholders. Apart from the recently developed natural gas business in Jiangxi province, the Group also kept abreast of other opportunities in the energy sector and entered into a memorandum of understanding ("MOU") on 10 January 2014 (as supplemented by three supplemental MOUs dated 9 October 2014, 20 January 2015 and 9 April 2015 respectively) with an independent third party, Mr. Wu Zhi Qiang ("Mr. Wu"), in relation to a potential acquisition of Jian Long Da Holdings Limited (the "First Target Company") to engage in the construction and operation of centralized heating facilities in Wangdu county of Hebei province. The First Target Company is incorporated in Hong Kong and has signed a framework agreement with the People's Government of Wangdu City to set up a PRC project company with the exclusive right to construct and operate centralized heating facilities in Wangdu County for a term of 30 years. Pursuant to the MOU and the 3 supplemental MOUs, the Group has an exclusivity period of 18 months from the date of the first MOU, i.e. 10 January 2014, to negotiate the potential acquisition with Mr. Wu.

Should the Company decided to proceed with the purchase of the First Target Company (subject to the results of the due diligence exercise), the funding of the purchase shall be internally generated funds or through a placement to be arranged, subject to share the financial circumstances of the Group at the date of the decision to make purchase.

Besides, the Group entered into another MOU on 7 August 2014 (as supplemented by two supplemental MOUs dated 20 October 2014 and 12 February 2015 respectively) in relation to investment in the controlling stake of a target company (the "Second Target Company") engaging in the business of distribution of glass products. Pursuant to the proposed investment, the Second Target Company established a PRC subsidiary, which has entered into an exclusive distribution agreement with Luoyang Longxin Glass Company Limited to distribute its products for 10 years. Upon satisfactory due diligence results and professional valuation of the Second Target Company being not less than RMB80,000,000 on acceptable assumptions, the Company would acquire not less than 51% shareholding interests in the Second Target Company. Deposits in the aggregate amount of HK$32 million has been paid to a shareholder of the Second Target Company as earnest money and will be applied as partial payment of the consideration for the proposed investment when the formal agreement is signed. However, if the deal falls apart, the whole deposit shall be returned to the Company.

As at the date of the Report, the Company is still in the course of conducting due diligence on the above two potential acquisitions and no legally binding agreements have been entered into. Should the Company decided to proceed with the purchase of the Second Target Company (subject to the results of the due diligence exercise), the funding of the purchase shall be internally generated funds or through a placement to be arranged, subject to share the financial circumstances of the Group at the date of the decision to make purchase.

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

Management Discussion and Analysis

FUNDRAISING ACTIVITIES

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

Date of announcement	Method of fundraising	Net proceeds received	Intended use of proceeds	Actual use of proceeds
7 May 2014	Placing of convertible bonds	Approximately HK$21.8 million	General working capital of the Group and/or for financing future investment opportunities	Approximately HK$8 million was applied as earnest money for a proposed investment, details of which can be refer to the announcement dated 7 August 2014. The remaining were used as general working capital of the Group during the financial year
4 July 2014	Placing of convertible bonds	Approximately HK$20.4 million	General working capital of the Group and/or for financing future investment opportunities	The proceeds were used as general working capital of the Group during the financial year
2 September 2014	Placing of Shares	Approximately HK$141.6 million	General working capital of the Group and/or for financing future investment opportunities	Used approximately HK$20.4 million for the payment of registered capital of a joint-venture company named as 江西中油港燃能源科技有限責任公司 as the remaining contribution by the Company. Approximately HK$24 million was applied as second deposit in relation to the proposed investment, details of which please refer to the announcement 20 October 2014. The remaining balance were applied as general working capital of the Group during the financial year

Apart from the above equity related financing activities, the Company also completed the issuance of promissory notes in the aggregate principal amount of HK$74.9 million to independent third parties during the Financial Year, which bear interest at rates ranging from 7% to 10% per annum, with maturing dates ranging from 1 to 7 years. The aggregate net proceeds raised during the year was approximately HK$74.9 million, which were used as general working capital of the Group.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company ("2015 Annual General Meeting") will be held on Thursday, 30 July 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the 2015 Annual General Meeting, the register of members of the Company will be closed from Tuesday, 28 July 2015 to Thursday, 30 July 2015, 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 Monday, 27 July 2015.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2015, the Group employed 343 (2014: 539) full time employees mainly in the PRC and Hong Kong. The Group's remuneration policy is reviewed periodically and determined by reference to the 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 significant contributions made by the employees to the Group.

During the Financial Year, 1,201,740,000 share options (2014: 60,500,000 share options, after share subdivision) were granted to eligible participants under the share option scheme of the Company.

Total staff costs (including Directors' remuneration) for the Financial Year amounted to approximately HK$45.2 million (2014: approximately HK$67.5 million).

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, the aggregate carrying value of the indebtedness of the Group was approximately HK$129.4 million (2014: approximately HK$115.8 million), which comprised of promissory notes, convertible bonds (liability components) and bank borrowings. The indebtedness are denominated in Hong Kong dollars. Details of the maturity profile and interest rate ranges of the indebtedness of the Group are set out in note 28, 29 and 30 to the financial statements. As at 31 March 2015, the Group had bank and cash balances of approximately HK$100 million (2014: approximately HK$91.2 million).

As at 31 March 2015, the Group's trade receivables was approximately HK$18.6 million (2014: approximately HK$25.7 million), representing approximately 23.4% (2014: approximately 20%) of the Group's turnover of approximately HK$79.6 million (2014: approximately HK$128.3 million) for the Financial Year. The Group adopted a stringent credit policy to minimize credit risk.

As at 31 March 2015, the ratio of current assets to current liabilities of the Group was approximately 2.59 (2014: approximately 1.49). As at 31 March 2015, the Group's gearing ratio was approximately 33% (2014: 34%). This was based on the division of the total indebtedness of the Group by the aggregate amount of total indebtedness and total equity attributable to owners of the Company. The Directors, taking into account of the nature and scale of operations and capital structure of the Group, considered that the gearing ratio as at 31 March 2015 was reasonable.

Details of the share capital structure of the Company as at 31 March 2015 are set out in note 33 to the financial statements.

SECURITIES IN ISSUE

During the Financial Year,

(1) on 24 September 2014, 1,452,900,000 new ordinary shares at the placing price of HK$0.10 per share were issued to independent third parties.

(2) 55,000,000 new ordinary shares were issued upon the exercise of share options under the share option scheme of the Company.

As at 31 March 2015, there were 8,772,400,000 ordinary shares in issue and potential ordinary shares arising from:

(i) convertible bonds in the respective outstanding principal amount of HK$55,500,000 (due in July 2015), HK$15,600,000 (due in September 2015), HK$22,100,000 (due in November 2015) and HK$20,600,000 (due in January 2016), all at the conversion price of HK$0.237 per share (subject to anti-dilutive adjustments); and

(ii) 1,366,740,000 share options conferring rights to subscribe for ordinary shares of the Company, at exercise prices ranging from HK$0.082 to HK$0.155 per share.

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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. During the Financial Year, the Group had not used any financial instruments for hedging purposes. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 March 2015, 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$4,175,000 (2014: approximately HK$4,304,000); and

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

SIGNIFICANT INVESTMENTS AND DISPOSALS

Save as disclosed herein, 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.

Management Discussion and Analysis

COMMITMENTS

Commitments of the Group as at 31 March 2015 are set out in note 38 and 39 to the financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 March 2015 (2014: HK$Nil).

SEGMENT INFORMATION

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

Environmental, Social and Governance Report

INTRODUCTION

Pursuant to Appendix 20 (the "Guide") of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited, this Report identifies and discloses environmental, social and governance ("ESG") issues and key performance indicators ("KPIs") that have material environmental and social impacts and are relevant to the Group's business for the year ended 31 March 2015 (the "Financial Year").

In preparation of this Report, business partners, employees and other stakeholders have been interviewed in various occasions in order to take into account and to reflect their responses and opinions.

The four ESG subject areas– Operating Practices (referred to the Guide as "Aspect C"), Workplace Quality ("Aspect A"), Environmental Protection ("Aspect B") and Community Involvement ("Aspect D") are addressed one by one below according to their relevancy.

Mission, vision and values of the Group

Before moving on to the four specific ESG subject areas, this Report reiterates the Group's vision and values on environmental and social concerns in general.

The Group is committed to promoting the development of clean energy to improve quality of life in the society, as well as to innovating in service and technology in order to create value for its customers and the community. We continue to engage with the public relevant government departments, and the private sectors to affect systematic change to labour and environmental conditions in places where we operate.

Focusing on technological advancement and environmental protection, our aim is to become a leading international clean energy supplier and service provider. We believe, by perfecting our internal competence and investing resources to promote the society's fundamental interests and social sustainability, we can not only strengthen our business, but also optimize our corporate values. Hence, there is a sound basis for our continuing contribution in a wider range of community welfare.

We uphold the principles of integrity and responsibility in our operations, and are constantly looking to enhance our competitive edge by striving for excellence and embracing technological advances. We fulfill our social responsibility through our work in developing clean energy options which will help create a better environment.

As a caring employer, we also promote respect and inclusiveness in workplace and encourage continuous learning among our employees. This can not only boost morale at work but also upgrade the services we provide to our customers.

Moreover, we place great emphasis on effective risk management in both our production processes and business development to guard against contingent events.

Environmental, Social and Governance Report

Management Competency

The Group has placed great emphasis on its management competency. Since 2013 it has diversified its business activities by gradually expanding its principal business from the production and sale of power and data cords to the liquefied natural gas (LNG) utilization conversion for vessels ("Vessel LNG Utilization Conversion"), the production and sale of LNG and compressed natural gas (CNG), and other clean energy-related business activities.

In response to this business diversification and the consequent adjustments in the Group's business focus, the Group attached great importance to innovative management. A number of enhancements have been made to the management team. In the second half of 2014, the Group retained experts with extensive management and operating experience in the field of natural gas in the management team, strengthening the overall capabilities of the management team within the energy sector and boosting the Group's future business performance in clean energy.

I. *Operating Practices*

Aspect C3: Anti-corruption

To combat corruption and to govern conflicts of interest, unless with the Group's approval, Directors and employees are prohibited from accepting any valuable items from co-workers, customers, suppliers or other stakeholders. Unless with approval, senior management members are also prohibited from engaging in any activities that involve a potential conflict of interest with the Group or may do harm to the Group's overall interests. Breaches are subject to disciplinary actions, including the termination of employment contracts where necessary.

Various policies have also been formulated to accord with the Securities and Futures Commission's ("SFC") Guideline on Anti-Money Laundering and Counter-Terrorist Financing, including the basic procedures for customer identification and due diligence, suspicious transactions report and record-keeping. Ongoing staff training has also been carried out to ensure each and every employee are fully aware of these policies.

Legal Cases regarding Corruption (KPI C3.1)

For the Financial Year, there are no concluded legal cases concerning corruption brought against the Group or our employees, nor there commencement of such legal actions.

Preventive Measures and Whistle-blowing Procedures (KPI C3.2)
Regarding suspicious transactions report, employees who improperly disclose or misuse any confidential information relating to the Group will be subject to disciplinary actions; employees who become aware of any bribery, extortion, fraud, theft, embezzlement, money laundering or other suspicious activities are required to forthwith notify their department manager or the human resources department, for further reporting to the senior management and appropriate follow-up actions to be taken.

II. Workplace Quality

Aspect A1: Working Conditions
The Group ensures that the company policies and regulations cover a comprehensive range of employment protection and benefits, and comply with the Labour Law and the Labour Contract Law. Subject to overtime compensation, we follow strictly the Employment Ordinance (Cap. 57) for working hours and we duly pay the salaries to our employees in full and on time. Fringe benefits are also offered in accordance with the law, such as the provisions of dental insurance, medical insurance and personal accident insurance subject to the terms and conditions of the individual staff's employment contract.

Employee Benefits
In addition to statutory leaves, the Group caters for the special needs of its employees through a comprehensive leave system that includes provisions for wedding leave, compassionate leave, study leave, and examination leave.

Subject to departmental workloads at the time, employees working overtime are compensated by being given time off in lieu. Certain employees are also eligible for overtime allowance.

Promotion
The Group adopts a merit-based approach for promotion. Employees are promoted on the basis of their performance in their respective positions, and the extent to which they have demonstrated the attributes required for assuming positions at higher ranks.

Performance Appraisal
The Group has a comprehensive staff performance appraisal scheme that appraises individuals on aspects such as job knowledge, quality of work, productivity, dependability, attendance, relations with others, commitment to safety and supervisory ability. Clear explanations and guidelines on how each aspect should be assessed are provided to ensure assessment objectivity as far as practicable.

Environmental, Social and Governance Report

Equal Opportunities

The Group is committed to creating a diverse environment and is proud to be an equal opportunity employer. All qualified job applications, internal transfers and promotions will receive consideration with no regard to race, colour, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, age, veteran status or other discriminating basis.

In addition, all employees in equivalent positions are entitled to equivalent benefits and compensations. This policy applies to all terms and conditions of employment, including recruitment, hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation and training.

Further, the Group expressly prohibits and will not tolerate any form of workplace harassment based on any of the discriminating grounds aforesaid. Offenders will result in disciplinary penalties up to and including but not limited to dismissal.

Share Option Scheme

The Group has operated a share option scheme since 27 April 2011. The purpose of the scheme is to attract and retain eligible and well-performed participants, including employees and any company-related person, and to motivate them to strive for future development and expansion of the Group. The scheme serves as an incentive encouraging participants to perform their best in achieving the goals of the Group and allows the participants to enjoy the results of the Group attained through their efforts and contributions. Offering share options to employees is also a way of recognizing employees' contributions. We strongly believe, the operation the scheme can result in a boost in employees' loyalty and cohesiveness.

Communication with Employees

News about the Group, notices and announcements are posted on the bulletin boards placed around the workplace. They are also made available to all employees via the e-mails.

Team briefings are held once every week to enhance communication between employees of various levels. In the meeting, employees are encouraged to ask questions and give comments. Issues raised at the briefings are passed to management for handling, or referred to senior management for higher-level actions to be taken.

A staff opinion survey is conducted once a year on average to gather information on employees' views about the Group. Employees are actively encouraged to participate in the survey, and the Group makes improvements or takes remedial actions based on the survey results. In response to the 2014 survey, we have implemented the "green policy" to improve the office environment, which would be further explained below.

Total Workforce (KPI: A1.1)
As at 31 March 2015, the Group employs 343 full time employees, most of whom were located in the People's Republic of China ("PRC") or Hong Kong. Employees are aged from 18 to 63, and possess secondary to university level of education or higher. As regards professional qualifications, the 20 employees and Directors (including Executive Directions, Independent Non-Executive Directors) at the Hong Kong office of the Group, comprises two practicing barristers, and four accountants.

Aspect A2: Health and Safety
The Group undertakes to safeguard the health and safety of its employees, and require all employees to strictly observe its health and safety policies.

The Employees' Handbook sets out detailed occupational safety policies and procedures for the reference of all departments. Specific instructions regarding fire accidents in certain buildings or installations are appropriately circulated, and employees must strictly adhere to these instructions.

In case of accidents, employees are required to ascertain whether the accident is minor or serious in accordance with the guidelines in the Handbook and to take appropriate measures. Regardless of the severity of the injury, employees at the scene must notify their superior as soon as possible. A policy of insurance is also in place to cover our liabilities both under the Employees' Compensation Ordinance (Cap 282) and the common law, irrespective of the length of employment contract, the working hours, full-time or part-time employment, subject the terms and conditions set out in the insurance.

Moreover, the Group has a contingency plan in place which specifically sets out the emergency management procedures and remedial measures in case of disasters, including flooding, landslide, typhoon, fire, intoxication, leakage of dangerous chemicals and explosive materials.

Work-related Fatalities (KPI A2.1)
No fatal accidents has occurred in the Financial Year.

Workplace Injury (KPI A2.2)
If employees are injured at work, the Group will offer adequate compensation in accordance with the Employees' Compensation Ordinance (Cap 282). In the Financial Year, out of the 287 average number of factory workers, there were 4 cases of workplace injuries, accounting for a workplace injury rate of 1.4%.

Environmental, Social and Governance Report

Safe Operation (KPI A2.3)

The Group has formulated and implemented training programs for safe operation of equipment and machines, and attained a monthly safe production rate of 98.9% in the Financial Year. In December 2013, the production facilities in China was rated Class B in the Enterprise Safety Management Classification of Bao'an District, Shenzhen.

Aspect A3: Development and Training

Employees are required to formulate their own training objectives that will equip themselves with the skills and knowledge necessary for their jobs. The Group provides suitable vocational training and development opportunities to assist them in meeting their training objectives and achieving their business goals. Details of in-house training opportunities are displayed on the bulletin boards and circulated from time to time. Records of training and professional development undertaken by employees will also be kept as a part of the staff's employment records.

Orientation Training

Orientation sessions are arranged for new employees within the first week of their employment, in which employees are introduced to the Group's structure and mission, and their own roles in contributing to its business objectives and success. They also learn about the different departments of the Group, the relationships between the different departments, and standard office procedures.

External Courses

The Group encourages employees to engage in self-development by enrolling for external training programs and seminars. Permanent employees who have completed one year of service can apply for sponsorship from the Group to cover the cost of taking job-relevant external training programs and job-relevant professional or qualification examinations.

To widen the perspective and exposure of its employees, the Group is also very supportive in overseas training and will absorb all reasonable expenses for employees who have been approved to attend such training.

Specific Trainings

During the Financial Year, the Group's training mission continued to place focus on key professional positions. Specific training programs attended by the employees included a seminar on "New Companies Ordinance – Issues and Opportunities" which looked into the amended Ordinance from the tax and secretarial perspective, a seminar on "Overview on Environmental, Social and Governance (ESG) Reporting Guide", "Excel – Advanced course", and "MYOB Introductory Classroom Training".

On 31 March 2015, the Company has organized a Directors' Training Seminar on "Insider Information" so as to raise Directors and senior employees' awareness on insider dealings as governed by the SFC. Senior staffs and Directors were encouraged to attend the seminar, in which they participated actively with positive feedbacks.

These programs strengthened the training of key professionals and personnel and cutting-edge technologies, thereby providing strong support for the Group's development and growth of talents.

III. *Environmental Protection*

Aspect B1: Emission

In order to develop a sustainable business, the Group takes the initiatives to engage in conservation and to promote environmental responsibility. It takes an active role to ensure a sustainable, recyclable and low-carbon production and operating processes. In any circumstances, the Group strives to maintain its energy consumption and emissions at levels lower than national thresholds, and to constantly improve year by year. Carbon footprint would be regularly tracked, and it is ensured that all air emissions and other pollutants, including greenhouse gases, the possible discharge of hazardous waste into water and land, will be able to meet the standards under the relevant national laws and regulations.

During the Financial Year, the Group managed to meet customers' delivery schedules with reduced number of vehicle trips to minimize emissions, and the entire fleet of the Group complies with applicable emissions standards.

Aspect B2: Use of Resources

The Group adopts a "green policy" by utilizing reusable and recyclable packaging materials for its products such as environmentally friendly plastic boxes and cardboards. Management procedures are also implemented to control the use of energy and resources, such as water, electricity, oil, gas and paper, in all offices and production facilities of the Group. Regular checks are conducted for monitoring and rectification purposes.

Prescriptions, Standards and Certifications

The Group has adopted prescriptions and standards for environmental protection based on the RoHS directive, REACH regulations, California ER65, Germany GS certification PAHS, Norway PoHS and SONY environmental requirements. It has stringent control on the use of banned and restricted materials. The Group also obtained ISO 14001:2004 environmental management system certifications back in 6 June 2009. While the Group did not carry out any ecological constructions or large-scale environmental protection projects during the Financial Year, as part of its efforts in contributing to environmental protection, the Group has implemented management procedures on disposal of wastes, discharge of wastewater, emission of noise, as well as control procedures on environmental monitoring and measurement.

Energy Consumption (KPI B2.1)
For the Financial Year, the aggregate electricity consumed by the power and data cords factory of the Group was 1,505,557kwh.

Water Consumption (KPI B2.2)
For the Financial Year, the aggregate water consumption of the power and data cords factory of the Group was 5,688 m^3, most of it were of domestic use, most of it were of use by staff in the staff dormitory located in the factory area. Industrial consumption comprised an immaterial portion of it.

IV. Community Involvement

Aspect D1: Community Investment
The conservation of energy and the reduction of pollutants emissions are the key strategies in 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 the PRC. Among the major initiatives under the Plan are the adjustments to the energy structure and the encouragement of the use of natural gas. The National Energy Administration estimated that China's natural gas consumption will reach 230 billion cubic meters in 2015.

The Group believes that the wider utilization of natural gas are crucial in contributing to energy conservation and the reduction of emissions, and is a move in line both with the country's future strategic energy needs and the interests of society as a whole. Over the past few years, China has implemented various measures promoting the use of natural gas specifically within the water transportation sector; these are recorded in the Guiding Opinions on Accelerating LNG Utilization in the Waterborne Industry (《關於加快推進水運行業應用液化天然氣的指導意見》) issued by the Ministry of Transport in 2013, and Administrative Measures on 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. These developments clearly indicate that China is gradually stepping up its support for water transport in a way that is beneficial for the future development of natural gas enterprises.

Environmental Concerns as Focus Area of Contribution: (KPI D1.1)
The Group has been proactively developing its Vessel LNG Utilization Conversion business. Not only is this conform to China's strategic needs in the areas of conserving energy, reducing emissions and promoting the use of natural gas, but the relevant patented conversion technology is also benefiting vessel owners and users.

LNG is a clean energy that is environmentally friendly and more economical than diesel. After vessels have been converted, they can use LNG for fuel.

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 41 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 54 and 55.

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 58, and note 33 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 16 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 31 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2015 amounted to approximately HK$65.6 million (2014: approximately HK$88.8 million), calculated under the Companies Law of the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2015 are set out in notes 41 to the consolidated financial statements on pages 135 to 137.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 140 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.

Particulars of the options to subscribe for Shares granted pursuant to the Share Option Scheme as at 31 March 2015 are set out below:

Grantee	Date of grant	Exercise price	Exercise period of share options	Outstanding at 1 April 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31 March 2015	Market value per share immediately before the date of grant of option	Approximate % of the Company's total issued share capital as at 31 March 2015
Executive Directors:										
Yeung Shing Wai (resigned with effect from 1 December 2014)	17 September 2013	HK$2.18 *(note 1)*	17 September 2013 – 16 September 2023	5,500,000 *(note 2)*	–	–	5,500,000 *(note 3)*	–	HK$1.90	–
Ho Chun Kit Gregory	17 September 2013	HK$2.18 *(note 4)*	17 September 2013 – 16 September 2023	5,500,000 *(note 5)*	–	–	5,500,000 *(note 6)*	–	HK$1.90	–
	17 March 2015	HK$0.092	17 March 2015 – 16 March 2025	–	87,174,000	–	–	87,174,000	HK$0.088	0.99%
Company Secretary:										
Fok Sing Yan Joyce	23 September 2014	HK$0.155	23 September 2014 – 22 September 2024	–	55,000,000	–	–	55,000,000	HK$0.17	0.63%
Other Categories:										
Employees in aggregate	17 September 2013	HK$2.18 *(note 7)*	17 September 2013 – 16 September 2023	5,500,000 *(note 8)*	–	–	5,500,000 *(note 9)*	–	HK$1.90	–
Consultants in aggregate	17 September 2013	HK$2.18 *(note 10)*	17 September 2013 – 16 September 2023	22,000,000 *(note 11)*	–	–	16,500,000 *(note 12)*	55,000,000	HK$1.90	0.63%
	10 October 2013	HK$1.956 *(note 13)*	10 October 2013 – 9 October 2023	5,500,000 *(note 14)*	–	–	–	55,000,000	HK$1.90	0.63%
	13 January 2014	HK$1.57 *(note 15)*	13 January 2014 – 12 January 2024	11,000,000 *(note 16)*	–	–	–	110,000,000	HK$1.54	1.26%
	14 July 2014	HK$0.128	14 July 2014 – 13 July 2024	–	165,000,000	–	–	165,000,000	HK$0.13	1.89%
	21 August 2014	HK$0.113	21 August 2014 – 20 August 2024	–	110,000,000	55,000,000	–	55,000,000	HK$0.12	0.63%
	16 February 2015	HK$0.082	16 February 2015 – 15 February 2025	–	87,174,000	–	–	87,174,000	HK$0.085	0.99%
	17 March 2015	HK$0.092	17 March 2015 – 16 March 2025	–	697,392,000	–	–	697,392,000	HK$0.088	7.95%

(Note 1) the exercise price per Share is HK$0.218 after the sub-division of the Company's shares on 25 March 2014 (the "Share Subdivision")

(Note 2) equivalent to 55,000,000 Shares after the Share Subdivision

(Note 3) equivalent to 55,000,000 Shares after the Share Subdivision

(Note 4) the exercise price per Share is HK$0.218 after the Share Subdivision

(Note 5) equivalent to 55,000,000 Shares after the Share Subdivision

(Note 6) equivalent to 55,000,000 Shares after the Share Subdivision

(Note 7) the exercise price per Share is HK$0.218 after the Share Subdivision

(Note 8) equivalent to 55,000,000 Shares after the Share Subdivision

(Note 9) equivalent to 55,000,000 Shares after the Share Subdivision

(Note 10) the exercise price per Share is HK$0.218 after the Share Subdivision

(Note 11) equivalent to 220,000,000 Shares after the Share Subdivision

(Note 12) equivalent to 165,000,000 Shares after the Share Subdivision

(Note 13) the exercise price per Share is HK$0.1956 after the Share Subdivision

(Note 14) equivalent to 55,000,000 Shares after the Share Subdivision

(Note 15) the exercise price per Share is HK$0.157 after the Share Subdivision

(Note 16) equivalent to 110,000,000 Shares after the Share Subdivision

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

As at the date of the Report, the total number of the shares of the Company (the "Shares") available for issue under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue of the Company on the day on which trading of the Shares commenced on the Stock Exchange, i.e. 892,240,000 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, are subject to approval in advance by the Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is the grantee of the options). In addition, any share options granted to a substantial Shareholder of the Company or an Independent Non-Executive Director, or to any of their respective associates, in excess of 0.1% of the Shares in issue with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, in the 12-month period up to and including the date of grant, are subject to the Shareholders' approval in the general meeting.

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

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

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

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

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. Zou Donghai	*(Chairman)* (appointed on 16 October 2014)
Mr. Rong Changjun	*(Vice-Chairman)* (appointed on 1 December 2014)
Mr. Zhang Xueming	(appointed on 16 October 2014)
Mr. Yeung Tin Hung	(resigned on 25 July 2014)
Mr. Yeung Shing Wai	(resigned on 1 December 2014)
Mr. Ho Chun Kit Gregory	
Mr. Chan Lung Ming	(re-designated from an Independent Non-Executive Director to a Non-Executive Director on 4 July 2014 and further re-designated to an Executive Director on 20 August 2014)

Non-Executive Director

Mr. Tse Yee Hin, Tony	(resigned on 30 April 2015)

Independent Non-Executive Directors

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

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

In accordance with Article 84 of the Company's Articles of Association, Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent are Independent Non-Executive Directors and were appointed for a term of three years. Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent will retire by rotation at the 2015 Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2015 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 13 to the consolidated financial statements on pages 99 to 102 for details of the emoluments of the Directors and the five highest paid individuals of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of Directors are as follows:

Executive Directors

Mr. Zou Donghai, aged 57, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 16 October 2014. Since then, Mr. Zou has been a Chairman and Executive Director of the Company. Mr. Zou has accumulated over 35 years of management and operation experience in the natural gas and petroleum industry, and is particular experienced in the field of vessel liquefied natural gas (LNG) utilization conversion. Since 2011, Mr. Zou has been the chairman of Jiangxi Zhongyou Yingtai Natural Gas Limited Liability Company（江西中油鷹泰天然氣有限責任公司）.

Mr. Rong Changjun, aged 55, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 1 December 2014. Since then, Mr. Rong has been appointed as a Vice Chairman and Executive Director and of the Company. Mr. Rong has attended Lanzhou University and holds a Master Degree in Economic Law. Mr. Rong is a senior professional in the construction industry. He is a Chartered Builder of the Chartered Institute of Building, a National Registered Constructor and a professor-level senior engineer. Mr. Rong has over 35 years of management and operation experience in the construction industry. He was the general manager of China Construction Eighth Engineering Division East China Sea Development and Construction Corporation（中國建築第八工程局東海開發建設公司）and the deputy Director of China Construction Eighth Engineering Division（中國建築第八工程局）. He is currently the chairman of China Construction International Corporation（中國對外建設總公司）.

Mr. Zhang Xueming, aged 63, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 16 October 2014. Since then, Mr. Zhang has been appointed as an Executive Director of the Company. Mr Zhang has attended Zhengzhou University, Xinjiang University and Macau University of Science of Technology, and holds a Master degree. Mr. Zhang was awarded the title of professor-level senior economist（教授級高級經濟師）in the People's Republic of China. Mr. Zhang has over 40 years of management and operation experience in the natural gas and petroleum industry. From 2000 to 2005, Mr. Zhang was the deputy chief economist and the officer of the development and research office of China Petroleum Pipeline Bureau（中石油管道局）. Since 2009, Mr. Zhang has been acting as the deputy Director of China Petroleum Pipeline Bureau（中石油管道局）.

Mr. Ho Chun Kit Gregory, aged 37, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 8 May 2013. Since then, Mr. Ho has been an Executive Director of the Company and also as a director of some subsidiaries. Mr. Ho holds a bachelor degree in business accounting from Monash University of Australia and is a member of the Certified Public Accountants of Australia. Mr. Ho worked for several international accounting and business advisory firms for more than 11 years in providing corporate finance, mergers and acquisition, accounting and tax, corporate restructuring and advisory services to corporate clients, including listed companies. Mr. Ho subsequently set up his own corporate advisory firm. Since April 2014, Mr. Ho has acted as an Independent Non-Executive Director of Sunrise (China) Technology Group Limited (stock code: 8226), a company listed on the Stock Exchange. From January 2012 to April 2014, Mr. Ho was an Executive Director of Seamless Green China (Holdings) Ltd (stock code: 8150), a company listed on the Stock Exchange. Since 9 February 2015, Mr. Ho has been appointed as an Independent Non-Executive Director of Asia Resources Holdings Limited (stock code: 899).

Mr. Chan Lung Ming, aged 38, has been re-designated from an Independent Non-Executive Director to a Non-Executive Director on 4 July 2014 and further re-designated to an Executive Director on 20 August 2014. Mr. Chan has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 20 August 2014. He holds a Bachelor of Business Administration degree from The Open University of Hong Kong and a Bachelor of Laws degree from The University of London. He has several years of experience in the areas of corporate finance, regulatory and compliance. Mr. Chan is currently a senior executive at a corporation licenced to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Independent Non-Executive Directors

Ms. Eugenia Yang, aged 38, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 1 August 2013. Since then, Ms. Yang has been appointed as an Independent Non-Executive Director of the Company. Ms. Yang is a practicing barrister in Hong Kong. She is a member of HKICPA and a member of CPA Australia. She graduated from The University of Melbourne, Australia with a Bachelor Degree in Commerce, Postgraduate Diploma in Finance and a Masters Degree in Commerce (Finance). She is also a graduate of Monash University, Australia with a Bachelor of Laws Degree. From August 2005 to May 2006, Ms. Yang was an Independent Non-Executive Director of Nority International Group Limited (currently known as Wai Chun Mining Industry Group Co. Ltd. (stock code: 660)), a company listed on the Stock Exchange. Ms. Yang is also an Independent Non-Executive Director of Millennium Pacific Group Holdings Limited (stock code: 8147), a company listed on GEM, since July 2014.

Mr. Ng Ka Chung, aged 58, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 30 August 2013. Since then, Mr. Ng has been appointed as an Independent Non-Executive Director of the Company. Mr. Ng obtained a Bachelor of Science degree from the University of Alberta, Canada and the Postgraduate Certificate in Laws (PCLL) from The University of Hong Kong. Mr. Ng was admitted as a barrister in Hong Kong in 1993 and had served as a court prosecutor and senior court prosecutor at the Legal Department, now known as the Department of Justice. He is currently a practicing barrister with over 20 years of experience in the legal field. Mr. Ng has been serving as an Independent Non-Executive Director of Carnival Group International Holdings Limited (stock code: 996) since 2006, and was an Independent Non-Executive Director of China Billion Resources Limited (stock code: 274) from 7 January 2011 to 27 January 2011. Mr. Ng has also served as an Independent Non-Executive Director of Millennium Pacific Group Holdings Limited (stock code: 8147), a company listed on GEM, since July 2014. Save as disclosed above, Mr. Ng has not held any Directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. He does not have any other positions with the Company or any of its subsidiaries and does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Lau Sung Tat, Vincent, aged 57, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 31 October 2013. Since then, Mr. Lau has been appointed as an Independent Non-Executive Director of the Company. He is a visiting Professor of Accounting and Finance by the Research Institute of Economics of Shenzhen University in Shenzhen, China. His professional qualification includes 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.

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

Brief biographical details of the senior management are as follows:

Chief Financial Officer and Company Secretary

Ms. Fok, Joyce Sing Yan, aged 34, has been appointed as the Chief Financial Officer and Company Secretary of the Company with effect from 1 August 2013.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, the interest and short position of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) (the "**SFO**"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

Share options

Name of Directors	Capacity/ Nature of interest	Date of grant	Exercise price	Exercise period of share options	Maximum number of Shares subject to the outstanding options
Mr. Ho Chun Kit Gregory	Beneficial owner/ personal	17 March 2015	HK$0.092	17 March 2015 – 16 March 2025	87,174,000

Save as disclosed above, as at 31 March 2015, none of the Directors or Chief Executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provision of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

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 2015, no entities or persons (not being a Director or Chief Executive of the Company) had an interest and short position of 5% or more in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which are required to be disclosed pursuant to section 336 of the SFO.

MANAGEMENT CONTRACT

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

CHARITABLE DONATIONS

During the Financial Year, the Group made no charitable donations (2014: HK$Nil).

MAJOR SUPPLIERS AND CUSTOMERS

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

	Approximate percentage of the Group's total
Purchases	
– the largest supplier	18%
– five largest suppliers in aggregate	32%
Sales	
– the largest customer	31%
– five largest customers in aggregate	85%

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

CONNECTED TRANSACTIONS

The related parties transactions entered into by the Group during the Financial Year is disclosed in notes 36 to the financial statements.

For the year ended 31 March 2015 the Company incurred rental expenses of HK$0 (2014: HK$284,384) in respect of a motor vehicle paid/payable to Charm Wealth Development Limited ("Charm Wealth"), a company beneficially owned by Mr. Chung Wai Sum, a shareholder of the Company. The transactions with Charm Wealth are not connected transaction as defined under Chapter 20 of the GEM Listing Rules.

Report of the Directors

For the year ended 31 March 2015, the Company granted 87,174,000 share options to Mr. Ho Chun Kit, Gregory an Executive Director. Pursuant to Rule 20.90(3)(a) of the GEM Listing Rules, such transaction is exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements in Chapter 20 of the GEM Listing Rules in respect of the above grant of share options.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING BUSINESS

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

EMOLUMENTS POLICY

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 44 to the financial statements.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 31 March 2015, except for (i) the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 8 July 2014; and (ii) the Director's emolument payable by the Company to one of its Executive Directors monthly, Mr. Chan Lung Ming, who is also a licensed representative of Ample Capital Limited during the Financial period, neither Ample Capital Limited or its Directors, employees or close associates as defined under the GEM Listing Rules had any interest in relation to the Group.

MATERIAL LEGAL PROCEEDINGS

As at 31 March 2015, 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 31 July 2012, PricewaterhouseCoopers, the auditor of the Company for the year ended 31 March 2012 resigned and ANDA CPA Limited (now known as Zhonghui ANDA CPA Limited) was appointed as the then auditor of the Company. On 26 September 2013, Zhonghui ANDA CPA Limited, auditors of the Company for the year ended 31 March 2013 resigned and RSM Nelson Wheeler was appointed as the then auditors of the Company on 16 October 2013.

On 17 November 2014, the board announced that RSM Nelson Wheeler ("RSM") has resigned as auditors of the Group as the Company and RSM could not reach a consensus about the auditors' remuneration. The Board accepted the resignation of RSM. The Board and RSM confirmed that there are no circumstances in connection with the resignation of RSM that need to be brought to the attention of the shareholders of the Company. Elite Partners CPA Limited has been appointed as auditor of the company to fill the casual vacancy following the resignation of RSM and to hold office until the conclusion of the next annual general meeting of the Company. The financial statements of the Financial Year have been audited by Elite Partners CPA Limited, who will retire and, being eligible, offer themselves for re-appointment in the 2015 annual general meeting.

On behalf of the Board

Zou Donghai
Chairman
Hong Kong, 23 June 2015

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

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

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

Board Composition

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

		Attended/Eligible to Attend						
Name		**BM**	**ACM**	**NCM**	**RCM**	**INEDM**	**AGM**	**EGM**
Executive Directors								
Mr. Zou Donghai	*(Chairman)* (appointed on 16 October 2014)	6/17	–	–	–	–	–	0/1
Mr. Rong Changjun	*(Vice Chairman)* (appointed on 1 December 2014)	0/9	–	–	–	–	–	0/1
Mr. Zhang Xueming	(appointed on 16 October 2014)	0/17	–	–	–	–	–	0/1
Mr. Yeung Tin Hung	(resigned on 25 July 2014)	1/16	0/1	0/3	0/2	–	–	–
Mr. Yeung Shing Wai	(resigned on 1 December 2014)	8/44	–	–	–	–	1/1	–
Mr. Ho Chun Kit Gregory		50/52	–	–	–	–	1/1	1/1
Mr. Chan Lung Ming	(re-designated from an Independent Non-Executive Director to a Non-Executive Director on 4 July 2014 and further re-designated to an Executive Director on 20 August 2014)	36/52	1/1	5/6	4/6	–	1/1	1/1
Non-Executive Director								
Mr. Tse Yee Hin, Tony	(resigned on 30 April 2015)	20/52	–	–	–	–	1/1	0/1
Independent Non-Executive Directors								
Ms. Eugenia Yang		22/52	5/6	4/4	4/4	5/6	0/1	0/1
Mr. Ng Ka Chung		38/52	5/6	–	–	4/6	1/1	1/1
Mr. Lau Sung Tat, Vincent		47/52	6/6	5/6	5/6	6/6	1/1	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 Company has received an annual confirmation from each Independent Non-Executive Director confirming his independence pursuant to rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-Executive Directors to be independent. The Independent Non-Executive Directors, 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, rules and regulations, and that appropriate systems are in place to protect the interests of the Company and its Shareholders.

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

Corporate Governance Report

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. One Non-Executive Director and two Independent Non-Executive Directors attended Annual General Meeting and two Independent Non-Executive Directors attended Extraordinary General Meeting. The other Directors were obliged to be away for their business matters and for negotiating with potential business partners.

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

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

BOARD COMPOSITION AND DIVERSITY POLICY

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

During the year of 2015, the Board has reviewed the diversity of the Board and considered the Board composition and diversity policy appropriate.

CHAIRMAN AND CHIEF EXECUTIVES

The CG Code provision A.2.1 stipulates that the roles of the chairman of the Board of Directors (the "Chairman") and the Chief Executive officer (the "CEO") should be separate and should not be performed by the same individual. Mr. Yeung Tin Hung was the Chairman and the CEO during the Financial Year (up to the date of his resignation on 25 July 2014), 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 Company and its Shareholders as a whole on a timely manner. In compliance with the CG Code Rule A.2.1, the Group separated the roles of Chairman and CEO since the appointment of Mr. Zou Donghai as the Chairman and an Executive Director on 16 October 2014.

Moreover, the vacancy of the Chairman was not immediately replaced upon the resignation of Mr. Yeung Tin Hung on 25 July 2014, until the appointment of Mr. Zou Donghai on 16 October 2014 as the new Chairman and an Executive Director. The Board considered that it was important for the Chairman to have extensive experience in the field of vessel liquefied natural gas utilization conversion, which is the newly developed and important business sector of the Group, in order to manage such new business and hence spent about three months' time to identify such appropriate person.

SECURITIES TRANSACTIONS BY DIRECTORS

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

COMMITTEES

As part of the corporate governance practices, the Board has established the remuneration committee, nomination committee and audit committee. The compositions of all the committees are set out below. The terms of reference of all committees are established in accordance with the principles set out in the CG Code.

REMUNERATION COMMITTEE

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

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

During the Financial Year, the remuneration committee held six meetings to determine the remunerations and benefits of the existing and newly appointed Directors.

Name	Attended/ eligible to attend
Mr. Lau Sung Tat, Vincent (Chairman)	5/6
Mr. Yeung Tin Hung (resigned on 25 July 2014)	0/2
Mr. Chan Lung Ming	4/6
Ms. Eugenia Yang (appointed on 25 July 2014)	4/4

NOMINATION COMMITTEE

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

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

During the Financial Year, the nomination committee held six meetings for nomination of new Directors and re-designation of Directors.

Name	Attended/ eligible to attend
Mr. Yeung Tin Hung (resigned on 25 July 2014)	0/3
Mr. Chan Lung Ming (reappointed as Chairman on 25 July 2014)	5/6
Ms. Eugenia Yang (appointed on 25 July 2014)	4/4
Mr. Lau Sung Tat, Vincent	5/6

AUDIT COMMITTEE

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

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

The primary duties of the audit committee are to review the internal control policies annually, the financial reporting systems and procedures of the Group, to review 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 audit committee meetings held during the Financial Year is as follows:

Name	Attended/ eligible to attend
Mr. Lau Sung Tat, Vincent *(Chairman)*	6/6
Mr. Yeung Tin Hung (resigned on 25 July 2014)	0/1
Ms. Eugenia Yang	5/6
Mr. Chan Lung Ming (resigned on 4 July 2014)	1/1
Mr. Ng Ka Chung (appointed on 9 July 2014)	5/6

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of accounts for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the Financial Year, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and prepared the accounts on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

Corporate Governance Report

EXTERNAL AUDITORS AND THEIR REMUNERATION

Elite Partners CPA Limited ("Elite Partners") was appointed to fill the casual vacancy of external auditors of the Company following the resignation of RSM Nelson Wheeler on 17 November 2014, and to hold office until the conclusion of the forthcoming annual general meeting of the Company. The financial statements for the Financial Year have been audited by Elite Partners.

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

During the Financial Year, remuneration paid and payable to the external auditors of the Group are approximately HK$0.75 million and approximately HK$0.28 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 the reviews performed by the audit committee and executive management.

COMPANY SECRETARY

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the Financial Year, all Directors have participated in continuous professional development by attending training provided by a corporate secretarial company in relation to the update of the change of GEM Listing Rules or reading the relevant materials to develop and refresh their knowledge and skills, particulars of which are as follows:

		Reading materials provided by the Company	Attending the seminars provided by the Company
Executive Directors			
Mr. Zou Donghai	*(Chairman)* (appointed on 16 October 2014)	✓	–
Mr. Rong Changjun	*(Vice-Chairman)* (appointed on 1 December 2014)	✓	–
Mr. Zhang Xueming	(appointed on 16 October 2014)	✓	–
Mr. Yeung Tin Hung	(resigned on 25 July 2014)	–	–
Mr. Yeung Shing Wai	(resigned on 1 December 2014)	–	–
Mr. Ho Chun Kit Gregory		✓	–
Mr. Chan Lung Ming	(re-designated from an Independent Non-Executive Director to a Non-Executive Director on 4 July 2014 and further re-designated to an Executive Director on 20 August 2014)	✓	–
Non-Executive Director			
Mr. Tse Yee Hin, Tony	(resigned on 30 April 2015)	✓	–
Independent Non-Executive Directors			
Ms. Eugenia Yang		✓	✓
Mr. Ng Ka Chung		✓	–
Mr. Lau Sung Tat, Vincent		✓	✓

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.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

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

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

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

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

CONSTITUTIONAL DOCUMENTS

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

Independent Auditor's Report

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

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

We have audited the consolidated financial statements of China Oil Gangran Energy Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 139, which comprise the consolidated statement of financial position as at 31 March 2015, 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.

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 2015, 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.

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 23 June 2015

Yip Kai Yin
Practising Certificate Number: P05131

Suites 2B-4A, 20/F.,
Tower 5, China Hong Kong City,
33 Canton Road,
Tsimshatsui, Hong Kong

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Note	2015 HK$	2014 HK$
Turnover	7	**79,626,952**	128,260,573
Cost of sales		**(63,496,473)**	(107,236,126)
Gross profit		**16,130,479**	21,024,447
Other income	8	**46,300,437**	8,409,757
Selling expenses		**(25,624,243)**	(5,135,387)
Administrative expenses		**(245,220,648)**	(109,383,765)
Loss from operations		**(208,413,975)**	(85,084,948)
Gain on disposal of subsidiaries		**–**	26,648
Finance costs	10	**(16,912,546)**	(5,813,809)
Loss before tax		**(225,326,521)**	(90,872,109)
Income tax	11	**5,537,893**	2,002,001
Loss for the year	12	**(219,788,628)**	(88,870,108)
Other comprehensive (expenses)/income, after tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(237,681)**	211,451
Other comprehensive (expenses)/income for the year, net of tax		**(237,681)**	211,451
Total comprehensive expenses for the year		**(220,026,309)**	(88,658,657)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Note	2015 HK$	2014 HK$
Loss for the year attributable to:			
Owners of the Company		**(217,075,275)**	(88,677,902)
Non-controlling interests		**(2,713,353)**	(192,206)
		(219,788,628)	(88,870,108)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(217,085,887)**	(88,466,451)
Non-controlling interests		**(2,940,422)**	(192,206)
		(220,026,309)	(88,658,657)
Loss per share		**HK$ cents**	HK$ cents
Basic	*14*	**(2.68)**	(1.36)
Diluted	*14*	**N/A**	N/A

Consolidated Statement of Financial Position

At 31 March 2015

	Note	2015 HK$	2014 HK$
Non-current assets			
Property, plant and equipment	16	23,340,575	21,349,582
Goodwill	17	91,489,805	91,489,805
Intangible assets	18	68,624,500	92,152,900
Deposit paid for acquisition of a subsidiary	19	47,000,000	15,000,000
Deposits paid for acquisition of property, plant and equipment		–	9,982,315
		230,454,880	229,974,602
Current assets			
Inventories	20	8,283,879	14,391,476
Trade and other receivables	21	59,012,324	33,622,229
Contingent consideration receivables	22	42,000,000	4,669,000
Derivative components of convertible bonds	27	10,159,599	26,683,000
Bank and cash balances		100,034,797	91,155,559
		219,490,599	170,521,264
Current liabilities			
Trade and other payables	23	29,716,839	27,904,063
Obligation under finance lease	24	1,180,644	–
Due to a Director	25	582,238	911,255
Due to a shareholder	29	–	3,745,895
Promissory notes	26	31,687,292	64,036,519
Convertible bonds	27	13,314,343	7,913,460
Borrowings	28	2,364,305	4,444,173
Current tax liabilities		6,012,995	5,668,788
		84,858,656	114,624,153
Net current assets		134,631,943	55,897,111
Total assets less current liabilities		365,086,823	285,871,713

Consolidated Statement of Financial Position

At 31 March 2015

	Note	2015 HK$	2014 HK$
Non-current liabilities			
Obligation under finance lease	24	**2,451,183**	–
Promissory notes	26	**82,062,657**	35,720,960
Convertible bonds	27	**–**	3,696,205
Deferred tax liabilities	30	**18,129,819**	24,011,919
		102,643,659	63,429,084
NET ASSETS		**262,443,164**	222,442,629
Capital and reserves			
Share capital	31	**877,240**	726,450
Reserves		**264,578,552**	221,788,385
Equity attributable to owners of the Company		**265,455,792**	222,514,835
Non-controlling interests		**(3,012,628)**	(72,206)
TOTAL EQUITY		**262,443,164**	222,442,629

Approved by the Board of Directors on 23 June 2015.

Zou Donghai
Chairman and Executive Director

Ho Chun Kit Gregory
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company									
	Share capital HK$	**Share premium** HK$	**Statutory reserve** HK$	**Foreign currency translation reserve** HK$	**Share-based capital reserve** HK$	**Convertible bonds equity reserve** HK$	**Retained earnings/ (accumulated losses)** HK$	**Total** HK$	**Non-controlling interests** HK$	**Total equity** HK$
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
Placing of shares	121,450	30,114,411	–	–	–	–	–	30,235,861	–	30,235,861
Issue of share for acquisition of a subsidiary	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
Lapse of share option	–	–	–	–	(6,511,000)	–	6,511,000	–	–	–
Issuance 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
At 1 April 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**
Total comprehensive income for the year	**–**	**–**	**–**	**(10,612)**	**–**	**–**	**(217,075,275)**	**(217,085,887)**	**(2,940,422)**	**(220,026,309)**
Placing of shares	**145,290**	**141,500,837**	**–**	**–**	**–**	**–**	**–**	**141,646,127**	**–**	**141,646,127**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**71,376,348**	**–**	**–**	**71,376,348**	**–**	**71,376,348**
Exercise of share option	**5,500**	**6,209,500**	**–**	**–**	**(3,694,500)**	**–**	**3,694,500**	**6,215,000**	**–**	**6,215,000**
Lapse of share option	**–**	**–**	**–**	**–**	**(31,973,250)**	**–**	**31,973,250**	**–**	**–**	**–**
Issuance of convertible bonds	**–**	**–**	**–**	**–**	**–**	**40,789,369**	**–**	**40,789,369**	**–**	**40,789,369**
Transfers	**–**	**–**	**157,053**	**–**	**–**	**–**	**(157,053)**	**–**	**–**	**–**
Changes in equity for the year	**150,790**	**147,710,337**	**157,053**	**(10,612)**	**35,708,598**	**40,789,369**	**(181,564,578)**	**42,940,957**	**(2,940,422)**	**40,000,535**
At 31 March 2015	**877,240**	**295,300,163**	**3,382,323**	**283,377**	**82,156,598**	**126,620,791**	**(243,164,700)**	**265,455,792**	**(3,012,628)**	**262,443,164**

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$	2014 HK$
Cash flows from operating activities		
Loss before tax	**(225,326,521)**	(90,872,109)
Adjustments for:		
Depreciation	**7,409,332**	6,347,430
Amortisation	**23,528,400**	5,882,100
Loss on disposal of property, plant and equipment	**49,951**	81,557
Gain on disposal of subsidiaries	**–**	(26,648)
Allowance on inventories	**5,968,954**	626,887
Impairment loss on goodwill	**–**	5,363,566
Trade and other receivable written off	**–**	130,000
Impairment loss on trade receivables	**6,066,936**	–
Impairment loss on prepayments, deposits and other receivables	**25,982,315**	–
Equity-settled share-based payments	**71,376,348**	52,959,000
Imputed interest income arising from issuance of promissory notes	**(6,467,797)**	(7,878,535)
Loss on early redemption of promissory notes	**981,694**	314,543
Imputed interest expenses from promissory note	**–**	–
Imputed interest expenses generated from convertible bonds	**–**	–
Fair value loss on derivative components of convertible bonds	**21,805,565**	132,140
Fair value gain on contingent consideration receivables	**(37,331,000)**	(134,000)
Finance costs	**16,558,456**	5,813,809
Interest income	**(561,271)**	(21,378)
Operating loss before working capital changes	**(89,958,638)**	(21,281,638)
Decrease in inventories	**138,643**	2,779,649
Decrease in trade and other receivables	**6,987,516**	12,023,887
Increase in prepayments, deposits and other receivables	**(54,444,547)**	–
Decrease in trade and other payables	**(3,252,160)**	(9,754,302)
Increase in amount due to a Director	**(329,017)**	81,990
Increase in amount due to a shareholder	**1,319,041**	733,400
Cash used in operations	**(139,539,162)**	(15,417,014)
Income tax paid	**–**	(124,541)
Interest paid	**(7,637,500)**	(566,151)
Net cash used in operating activities	**(147,176,662)**	(16,107,706)

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$	2014 HK$
Cash flows from investing activities		
Acquisition of subsidiaries	–	(40,039,543)
Disposal of subsidiaries	–	1,195,796
Deposit paid for acquisition of a subsidiary	**(32,000,000)**	(15,000,000)
Purchase of property, plant and equipment	**(4,468,849)**	(6,383,584)
Proceeds from disposals of property, plant and equipment	**23,750**	238,474
Decrease in pledged bank deposits	–	1,510,837
Deposits paid for acquisition of property, plant and equipment	–	(9,103,880)
Interest received	**561,271**	21,378
Net cash used in investing activities	**(35,883,828)**	(67,560,522)
Cash flows from financing activities		
Proceeds from borrowings	**2,570,246**	22,690,588
Repayments of borrowings	**(4,650,114)**	(24,913,082)
Proceeds from issue of shares	**147,861,127**	31,031,917
Share issue expenses paid	–	(796,056)
Proceeds from issue of convertible bonds	**42,273,000**	70,389,000
Proceeds from issue of promissory notes	**74,900,000**	71,637,760
Repayment of promissory notes	**(69,403,500)**	(8,000,000)
Repayment of finance lease	**(1,368,173)**	–
Net cash generated from investing activities	**192,182,586**	162,040,127
Net increase in cash and cash equivalents	**9,122,096**	78,371,899
Effect of foreign exchange rate changes	**(242,858)**	73,872
Cash and cash equivalents at beginning of year	**91,155,559**	12,709,788
Cash and cash equivalents at end of year	**100,034,797**	91,155,559
Analysis of cash and cash equivalents		
Bank and cash balances	**100,034,797**	91,155,559

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 notes to these consolidated financial statements.

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

Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of the above new or revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[3]

1 Effective for accounting periods beginning on or after 1 July 2014
2 Effective for accounting periods beginning on or after 1 July 2014 with limited exceptions
3 Effective for accounting periods beginning on or after 1 January 2016
4 Effective for first annual financial statements beginning on or after 1 January 2016
5 Effective for accounting periods beginning on or after 1 January 2017
6 Effective for accounting periods beginning on or after 1 January 2018

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

New and revised Standards and Interpretations issued but not yet effective (Continued)

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described below:

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

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

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

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

New and revised Standards and Interpretations issued but not yet effective (Continued)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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 consolidated 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) Consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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

(b) Business combinations and goodwill

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combinations and goodwill (Continued)

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

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

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

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

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

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

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

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

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

(d) Property, plant and equipment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

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

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

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

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

(e) Intangible assets

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

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

(f) Leases

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

Finance leases

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

Notes to the Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

***Finance leases** (Continued)*

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

(g) Inventories

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

(h) Recognition and derecognition of financial instruments

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments (Continued)

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

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

(ii) Available-for-sale financial assets

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Trade and other receivables (Continued)

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.

(n) Promissory notes

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Revenue recognition (Continued)

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.

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Share-based payments (Continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of assets (Continued)

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

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

(y) Provisions and contingent liabilities

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

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

(z) Events after the reporting period

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

4. CRITICAL JUDGEMENT AND KEY ESTIMATES

Key sources of estimation uncertainty

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

(a) Property, plant and equipment and depreciation

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

(b) Income taxes

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

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

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment of goodwill

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

(f) Intangible assets and amortisation

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

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(g) Impairment of intangible assets

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

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.

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Interest rate risk (Continued)

At 31 March 2015, 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$488,134 (2014: HK$412,000) lower/higher, arising mainly as a result of higher/lower interest income from bank deposits.

(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):

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 2015				
Trade and other payables	**29,716,839**	**–**	**–**	**–**
Due to a Director	**582,238**	**–**	**–**	**–**
Due to a shareholder	**–**	**–**	**–**	**–**
Promissory notes	**39,130,000**	**–**	**31,200,000**	**39,500,000**
Convertible bonds	**122,687,500**	**–**	**–**	**–**
Borrowings	**2,364,305**	**–**	**–**	**–**
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	–	–	–

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

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 2015				
Borrowings	**2,364,305**	**–**	**–**	**–**
At 31 March 2014				
Borrowings	4,531,450	–	–	–

(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 2015, approximately 84% (2014: 61%) of the Group's trade receivables were due from the five largest customers within power and data cords business segment in the PRC, Hong Kong and Taiwan during the years ended 31 March 2015 and 2014. 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.

5. FINANCIAL RISK MANAGEMENT (Continued)

(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 2015, if the volatility had increased by 5% (2014: 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$429,488 (2014: HK$1,128,000), arising from changes in fair value of the derivative components of convertible bonds. On the contrary, if the volatility had decreased by 5% (2014: 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$429,488 (2014: 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 2015 and 2014 are insignificant and therefore no sensitivity analysis is presented thereon.

5. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 March

	2015 HK$	2014 HK$
Financial assets:		
Contingent consideration receivables	**42,000,000**	4,669,000
Derivative components of convertible bonds	**10,159,599**	26,683,000
Loans and receivables (including cash and cash equivalents)	**159,819,249**	144,071,151
Financial liabilities:		
Financial liabilities at amortised cost	**161,933,730**	146,663,527

(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.

6. FAIR VALUE MEASUREMENT (Continued)

(a) Disclosures of level in fair value hierarchy

	Fair value measurements as at 31 March 2015 using level 3 HK$
Description	
Recurring fair value measurements:	
Derivative components of convertible bonds	**10,159,599**
Total recurring fair value measurements	**10,159,599**

	Fair value measurements as at 31 March 2014 using level 3 HK$
Description	
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

6. FAIR VALUE MEASUREMENT (Continued)

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

Description	Contingent consideration receivables	Derivative components of convertible bonds
	HK$	HK$
At 1 April 2014	4,669,000	26,683,000
Total gains or losses recognised in consolidated profit or loss (#)	37,331,000	(16,523,401)
Disposal	–	–
At 31 March 2015	42,000,000	10,159,599
(#) Include gains or losses for financial assets held at end of reporting period	37,331,000	(16,523,401)

Description	Financial assets at fair value through profit or loss	Contingent consideration receivables	Available-for-sale financial assets	Derivative components of convertible bonds
	HK$	HK$	HK$	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 (#)	–	134,000	–	(132,140)
Disposal	(640)	–	(1,110,739)	–
At 31 March 2014	–	4,669,000	–	26,683,000
(#) Include gains or losses for financial assets held at end of reporting period	–	134,000	–	(132,140)

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.

6. FAIR VALUE MEASUREMENT (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2015:

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 2015 HK$
Derivative components of convertible bonds	Binomial Option Pricing Model	Dividend yield	0% (2014: 0%)	Increase	
		Expected volatility	66.927% (2014: 103.46% – 106.45%)	Decrease	
		Yield spread	3.88% (2014: 13.09% – 13.66%)	Decrease	10,159,599 (2014: 26,693,000)

7. TURNOVER

The Group's turnover represented the following:

	2015 HK$	2014 HK$
Sales of power and data cords and inlet sockets	**78,626,638**	128,258,461
Share of income from mobile commerce	**1,000,314**	2,112
	79,626,952	128,260,573

8. OTHER INCOME

	2015 HK$	2014 HK$
Interest income	**561,271**	21,378
Imputed interest income arising from issuance of promissory notes	**6,467,797**	7,878,535
Exchange gain	**246,008**	–
Fair value gain on convertible bonds' derivative components	**1,429,428**	–
Fair value gain on contingent consideration receivables	**37,331,000**	134,000
Sundry income	**264,933**	375,844
	46,300,437	8,409,757

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.

9. SEGMENT INFORMATION (Continued)

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.

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

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

9. SEGMENT INFORMATION (Continued)

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 2015				
Turnover from external customers	–	1,000,314	78,626,638	79,626,952
Segment loss	(9,810,610)	(31,759,495)	(13,698,384)	(55,268,489)
Interest revenue	25,756	–	999	26,755
Interest expenses	–	–	259,763	259,763
Depreciation and amortisation	224,511	23,760,041	6,141,816	30,126,368
Other material item of income and expense:				
Income tax credit	–	(5,882,100)	344,207	(5,537,893)
Other material non-cash item:				
Impairment losses on goodwill	–	–	–	–
Additions to segment non-current assets	2,539,496	70,674	651,959	3,262,129
At 31 March 2015				
Segment assets	107,102,498	202,531,135	60,566,877	370,200,510
Segment liabilities	1,000,513	23,007,716	27,308,716	51,316,945

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$	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

9. SEGMENT INFORMATION (Continued)

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

	2015 HK$	2014 HK$
Turnover		
Total turnover of reportable segments	**79,626,952**	128,260,573
Profit or loss		
Total profit or loss of reportable segments	**(55,268,489)**	(18,152,453)
Other income	**46,300,437**	8,409,757
Corporate expenses	**(193,908,030)**	(73,340,251)
Gain on disposal of subsidiaries	**–**	26,648
Finance costs	**(16,912,546)**	(5,813,809)
Consolidated loss for the year	**(219,788,628)**	(88,870,108)
Assets		
Total assets of reportable segments	**370,200,502**	317,344,079
Derivative components of convertible bonds	**10,159,599**	26,683,000
Other corporate assets	**69,654,087**	56,468,787
Consolidated total assets	**450,014,188**	400,495,866
Liabilities		
Total liabilities of reportable segments	**51,316,945**	59,975,564
Promissory notes	**113,749,949**	99,757,479
Convertible bonds	**13,314,343**	11,609,665
Borrowings	**2,364,306**	4,444,173
Other corporate liabilities	**3,193,655**	2,266,356
Obligation under finance lease	**3,631,827**	–
Consolidated total liabilities	**187,571,025**	178,053,237

9. SEGMENT INFORMATION (Continued)

Geographical information:

	Turnover		Non-current assets	
	2015	2014	**2015**	2014
	HK$	HK$	**HK$**	HK$
Hong Kong	**2,562,299**	1,231,435	**218,286,005**	214,889,427
PRC	**37,366,132**	82,257,488	**12,168,875**	15,085,175
Taiwan	**14,470,359**	22,890,963	**–**	–
United States	**24,943,006**	21,291,180	**–**	–
Other countries	**285,156**	589,507	**–**	–
Consolidated total	**79,626,952**	128,260,573	**230,454,880**	229,974,602

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

Turnover from major customers:

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

	2015	2014
	HK$	HK$
Customer A	**24,943,006**	21,480,477
Customer B	**24,536,661**	23,900,533
Customer C	**14,448,659**	22,840,782
Customer D	**1,813,780***	14,096,703

* 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

	2015 HK$	2014 HK$
Interest on bank borrowings	**11,059**	48,711
Interest on trust receipt loans	**248,703**	267,440
Interest on financial lease	**94,328**	–
Effective interest expenses on convertible bonds wholly repayable within five years	**2,576,383**	236,947
Effective interest expenses on promissory notes		
– Wholly repayable within five years	**10,343,180**	4,697,044
– Not wholly repayable within five years	**3,638,893**	563,667
	16,912,546	5,813,809

11. INCOME TAX

	2015 HK$	2014 HK$
Continuing operations:		
Current tax – Hong Kong Profits Tax		
Provision for the year	**68,022**	106,225
Current tax – PRC Enterprise Income Tax		
Provision for the year	**276,185**	412,501
Over-provision in prior years	**–**	(1,050,202)
	276,185	(637,701)
Deferred tax	**(5,882,100)**	(1,470,525)
	(5,537,893)	(2,002,001)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2015 (2014: 16.5%).

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

11. INCOME TAX (Continued)

Pursuant to the Enterprise Income Tax rules and regulations of the PRC, the PRC subsidiaries of the Group are subject to Enterprise Income Tax at a rate of 25% (2014: 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:

	2015 HK$	2014 HK$
Loss before tax	**(225,326,521)**	(90,872,109)
Tax at the weighted average tax rate of 19.8% (2014: 17.5%)	**(44,605,830)**	(15,945,294)
Tax effect of income that is not taxable	**(8,974,408)**	(1,814,155)
Tax effect of expenses that are not deductible	**40,221,175**	15,058,910
Tax effect of temporary differences not recognised	**3,882,186**	138,116
Over-provision in prior years	**–**	(1,050,202)
Tax effect of tax losses not recognised	**3,938,984**	1,610,624
Income tax credit	**(5,537,893)**	(2,002,001)

12. LOSS FOR THE YEAR

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

	2015	2014
	HK$	HK$
Cost of inventories sold	**43,624,553**	67,626,509
Operating lease payments		
– Land and buildings	**–**	3,922,821
– Motor vehicles	**343,776**	284,384
Amortisation	**23,528,400**	5,882,100
Depreciation	**7,409,332**	6,347,430
Allowance on inventories	**5,968,954**	626,887
Other receivables written off	**16,000,000**	130,000
Net foreign exchange losses	**204,141**	1,093,662
Loss on disposals of property, plant and equipment	**49,541**	81,557
Impairment loss on goodwill	**–**	5,363,566
Directors' emoluments *(note 13)*	**8,375,048**	22,494,629
Staff costs including Directors' emoluments		
Salaries, bonuses and allowances	**24,399,905**	36,151,474
Equity-settled share-based payments	**9,081,064**	26,044,000
Retirement benefits scheme contributions	**424,634**	5,268,497
	33,905,603	67,463,971
Other equity-settled share-based payments	**62,295,284**	26,915,000
Auditors' remuneration		
– Current	**750,000**	650,000
– (Over)/under-provision in prior year	**–**	(10,000)
	750,000	640,000

13. 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 2015					
Executive Directors:					
Yeung Tin Hung *(Note (a))*	–	30,000	–	–	30,000
Yeung Shing Wai *(Note (b))*	–	80,000	–	–	80,000
Ho Chun Kit, Gregory *(Note (c))*	–	960,000	4,690,064	17,500	5,667,564
Zou Donghai *(Note (d))*	–	827,000	–	–	827,000
Chan Lung Ming *(Note (e))*	–	485,484	–	9,000	494,484
Zhang Xueming *(Note (f))*	–	276,000	–	–	276,000
Rong Changjun *(Note (g))*	–	400,000	–	–	400,000
	–	3,058,484	4,690,064	26,500	7,775,048
Non-Executive Directors:					
Chan Lung Ming *(Note (e))*	30,000	–	–	–	30,000
Tse Yee Hin, Tony *(Note (h))*	180,000	–	–	–	180,000
	210,000	–	–	–	210,000
Independent Non-Executive Directors:					
Eugenia Yang *(Note (i))*	120,000	–	–	–	120,000
Chan Lung Ming *(Note (e))*	30,000	–	–	–	30,000
Ng Ka Chung *(Note (j))*	120,000	–	–	–	120,000
Lau Sung Tat, Vincent *(Note (k))*	120,000	–	–	–	120,000
	390,000	–	–	–	390,000
	600,000	3,058,484	4,690,064	26,500	8,375,048

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	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 ("ED"):					
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 (l))*	–	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 (m))*	86,667	–	6,511,000	–	6,597,667
Tse Yee Hin, Tony *(Note (h))*	40,645	–	–	–	40,645
	127,312	–	6,511,000	–	6,638,312
Independent Non-Executive Directors ("INED"):					
Li Hin Lung *(Note (n))*	80,000	–	–	–	80,000
Chan Kai Wo *(Note (o))*	25,000	–	–	–	25,000
Chua Hoon Chong *(Note (p))*	35,000	–	–	–	35,000
Eugenia Yang *(Note (i))*	60,000	–	–	–	60,000
Chan Lung Ming *(Note (e))*	55,000	–	–	–	55,000
Ng Ka Chung *(Note (j))*	55,000	–	–	–	55,000
Lau Sung Tat, Vincent *(Note (k))*	45,000	–	–	–	45,000
	355,000	–	–	–	355,000
	482,312	2,431,763	19,533,000	47,554	22,494,629

Notes:

(a) Resigned on 25 July 2014

(b) Resigned on 1 December 2014

(c) Appointed on 8 May 2013

(d) Appointed on 16 October 2014

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

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Notes: (Continued)

(f) Appointed on 16 October 2014

(g) Appointed on 1 December 2014

(h) Resigned on 30 April 2015

(i) Appointed on 1 August 2013

(j) Appointed on 30 August 2013

(k) Appointed on 31 October 2013

(l) Retired on 31 July 2013

(m) Resigned on 20 December 2013

(n) Resigned on 30 November 2013

(o) Resigned on 14 August 2013

(p) Resigned on 31 October 2013

There was no arrangement under which a Director waived or agreed to waive any emoluments during the year (2014: Nil).

The five highest paid individuals in the Group during the year included three Directors (2014: four Directors) whose emoluments are reflected in the analysis presented above. The emolument of the remaining two (2014: one) individual is set out below:

	2015 **HK$**	2014 HK$
Salaries, bonuses and allowances	**880,000**	119,355
Equity-settled share-based payments	**4,391,000**	6,511,000
Retirement benefits scheme contributions	**34,750**	3,468
	5,305,750	6,633,823

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
HK$Nil to HK$1,000,000	**2**	–
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 (2014: Nil).

14. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK$217,075,275 (2014: HK$88,677,902) by the weighted average number of ordinary shares of 8,113,223,288 (2014: 6,514,082,192) in issue for the year ended 31 March 2015.

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 (2014: Nil).

15. DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 March 2015 and 2014.

There was no arrangement under which a shareholder has waived or agreed to waive any dividends during the year.

16. 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 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 and 1 April 2014	3,660,000	1,160,200	6,558,758	25,716,907	5,456,056	5,584,706	48,136,627
Additions	–	–	114,185	514,878	8,038,430	801,356	9,468,849
Disposals	–	–	–	(115,019)	–	–	(115,019)
Exchange differences	–	–	1,632	3,272	90	216	5,210
At 31 March 2015	3,660,000	1,160,200	6,674,575	26,120,038	13,494,576	6,386,278	57,495,667
Accumulated depreciation							
At 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 and 1 April 2014	392,143	124,304	3,049,121	17,271,266	2,778,555	3,171,656	26,787,045
Charge for the year	98,035	31,080	1,395,174	3,210,496	1,592,813	1,081,735	7,409,333
Disposals	–	–	–	(41,318)	–	–	(41,318)
Exchange differences	–	–	(484)	(664)	839	341	32
At 31 March 2015	490,178	155,384	4,443,811	20,439,780	4,372,207	4,253,732	34,155,092
Carrying amount							
At 31 March 2015	3,169,822	1,004,816	2,230,764	5,680,258	9,122,369	2,132,546	23,340,575
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

Leasehold land and buildings with carrying amount of HK$4,174,638 (2014: HK$4,303,753) were pledged to a bank to secure general banking facilities granted to the Group as at 31 March 2015.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The net carrying amounts of the Group's property, plant and equipment held under finance leases included in the total amounts of motor vehicles at 31 March 2015 amounted to HK$5,070,624 (2014: HK$Nil).

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

17. GOODWILL

	HK$
Cost	
At 1 April 2013	14,284,967
Arising on acquisition of a subsidiary	91,489,805
At 31 March 2014, 1 April 2014 and 31 March 2015	105,774,772
Accumulated impairment losses	
At 1 April 2013	8,921,401
Impairment loss	5,363,566
At 31 March 2014, 1 April 2014 and 31 March 2015	14,284,967
Carrying amount	
At 31 March 2015	91,489,805
At 31 March 2014	91,489,805

17. GOODWILL (Continued)

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

	2015 HK$	2014 HK$
Digital application business:		
3 Dynamics (Asia) Limited ("3 Dynamics")	**91,489,805**	91,489,805
	91,489,805	91,489,805

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

The recoverable amount is determined based on value-in-use calculation using discounted cash flow method. 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 two years (2014: five years) with the residual period using the terminal growth rate of 0% (2014: 3.14%). The pre-tax rate used to discount the forecast cash flows for digital application business is 23.06% (2014: 29.96%).

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

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

18. INTANGIBLE ASSETS

	Contractual right HK$
Cost	
Acquisition of a subsidiary, at 31 March 2014, 1 April 2014 and 31 March 2015	98,035,000
Accumulated amortisation and impairment loss	
At 1 April 2013 and amortisation for the year ended and 31 March 2014	5,882,100
Amortisation for the year ended	23,528,400
At 31 March 2015	29,410,500
Carrying amount	
At 31 March 2015	68,624,500
At 31 March 2014	92,152,900

As at 31 March 2015, the Group possessed a contractual right which represents the design, development, sales and distribution of mobile phone games with popular cartoon characters in the PRC arising from a co-operation agreement with a PRC company, Guangzhou Blue Arc Culture Communication Company Limited ("廣州藍弧文化傳播有限公司") ("Cooperation Agreement"). The Cooperation Agreement has a term of 5 years from 1 March 2013 to 28 February 2018 and is renewable for 5 years subject to negotiation by the parties concerned. In the opinion of the Directors, the contractual right is expected to be available for use by the Group over a useful life of 4.17 years from the date of acquisition and it is being amortised on a straight-line basis over 4.17 years. The remaining amortisation period of the contractual right is 2.92 years (2014: 3.92 years).

18. INTANGIBLE ASSETS (Continued)

The Group determined the recoverable amounts of cash generating unit ("CGU") for digital application business (3 Dynamics (Asia) Limited) based on value in use calculation. That calculation used cash flows projections based on financial budgets approved by management covering a two years period (2014: four years period), and discount rate of 23.06% (2014: 19.40%) for the Cooperation Agreement with reference to the valuation performed by International Valuation Limited (2014: Ascent Partners Valuation Service Limited) as at 31 March 2015. As the recoverable amount of the CGU of digital application business was above the carrying amount, no impairment loss has been recognised.

19. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

(a) Jian Long Da Holdings Limited

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 had expired on 9 October 2014. The deposit of HK$15 million 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.

On 9 October 2014, the Company and Mr. Wu has entered into a supplemental MOU ("First Supplemental MOU") to extend the exclusivity period for three months; subsequently, on 20 January 2015, the Company and Mr. Wu has further extend the exclusivity period for three months pursuant to the second supplemental MOU ("Second Supplemental MOU"), in addition to the First Supplemental MOU.

(b) Sino Grandway International Investment Limited

On 7 August 2014, the Company and Sino Grandway International Investment Limited (the "Second Target Company") entered into a non-legally binding memorandum of understanding (the "Second MOU") in relation to a proposed investment (the "Proposed Investment") in the Second Target Company. The Second Target Company is an investment holding company incorporated in Hong Kong and its issued share capital is equally held by two independent third parties.

Pursuant to the Second MOU, the Second Target Company will enter into a sale and purchase agreement with one of the shareholders of the Second Target Company (the "Target Shareholder") to acquire the entire equity interest of Luo Yang Chen Xi Mining Company Limited (the "Chen Xi Mining").

19. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES (Continued)

(b) Sino Grandway International Investment Limited (Continued)

Chen Xi Mining is a PRC established company which is wholly owned by the Target Shareholder and principally engaged in the mining and sales of quartz stone and the production of float glass. On 7 August 2014, the Company has paid an earnest money of HK$8,000,000 (the "First Deposit") to the Target Shareholder in accordance with the term of Second MOU. Subsequently on 20 October 2014, the Company had paid the remaining of the said deposit of an earnest money of HK$24,000,000. The First Deposit and the Second Deposit are non-interest bearing, secured by a first-fixed charge over the entire issued share capital of the Second Target Company and is refundable in the event that (i) the Company is in its absolute discretion not satisfied with the results of the due diligence; (ii) the Company is satisfied with the results of the due diligence but the Second Target Company rejects or fails to enter into the formal agreement; (iii) the relevant parties fail to enter into the formal agreement during the period from 7 August 2014 to 6 May 2015; or (iv) by agreement of the parties to the Second MOU.

On 20 October 2014, the Company and the Target Company entered into a supplemental memorandum of understanding (the "Supplemental MOU") in relation to the Proposed Investment. As at the date of the Supplemental MOU, Chen Xi Mining has entered into agreement to acquire 89.06% equity interest in Luoyang Longxin Glass Company Limited*（洛陽龍新玻璃有限公司）("Longxin Glass"), which is undergoing liquidation restructuring (the "Restructuring") in the PRC. As at the date of the Supplemental MOU and after the Restructuring, Longxin Glass owns and will continue to own a glass manufacturing factory. Pursuant to the Supplemental MOU, the Target Company would not acquire the equity interest of Chen Xi Mining. Instead, the Target Company will establish a wholly-owned subsidiary (the "PRC Subsidiary") in the PRC, which will enter into an agreement (the "Agreement") with Longxin Glass, pursuant to which Longxin Glass will engage the PRC Subsidiary to, inter alia, distribute the products of Longxin Glass for 20 years.

The Company shall pay the Target Company a further refundable deposit in the sum of HK$24,000,000 as earnest money (the "Second Deposit") within 7 days from the signing of the Supplemental MOU. The Target Company has irrevocably instructed the Company to pay the Second Deposit to one of the Target Company Shareholders and the payment obligation of the Company under the Supplemental MOU shall be deemed discharged upon the payment of the Second Deposit. The First Deposit and the Second Deposit will be applied as partial payment of the consideration for the Proposed Investment in accordance with the terms of the Formal Agreement.

19. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES (Continued)

(b) Sino Grandway International Investment Limited (Continued)

In addition to the circumstances, which have been stated in the Announcement and to the extent modified by the Supplemental MOU, that the First Deposit shall be returned to the Company, the full amount of the First Deposit and the Second Deposit shall be returned to the Company without interest if, inter alia, (a) the Company is not satisfied with the result of the due diligence review on the Target Company, Longxin Glass and/or other relevant parties; (b) the Target Company fails to establish the PRC Subsidiary within 2 month from the date of the Supplemental MOU (or such other date as agreed by the Company and the Target Company); or (c) the PRC Subsidiary and Longxin Glass fail to enter into the Agreement within 3 months from the date of the Supplemental MOU (or such other date as agreed by the Company and the Target Company).

The repayment obligation of the First Deposit and the Second Deposit is secured by the Deed of Charge.

In addition to the circumstances, which have been stated in the Announcement and to the extent modified by the Supplemental MOU, that the MOU shall be terminated, the MOU and the Supplemental MOU will be terminated if, inter alia, the relevant parties fail to obtain approvals from the relevant authorities in the PRC in relation to the Agreement and the transaction contemplated thereunder.

On 12 February 2015, the Company and the Target Company entered into a non-legally binding second supplemental memorandum of understanding (the "Second Supplemental MOU") in relation to the Proposed Investment.

As at the date of the Second Supplemental MOU, Longxin Glass has completed the Restructuring and Chen Xi Mining has acquired 89.06% equity interest in Longxin Glass. Further, the PRC Subsidiary, which was established by the Target Company, has entered into an exclusive distribution agreement with Longxin Glass, pursuant to which Longxin Glass has engaged the PRC Subsidiary to, inter alia, distribute the products of Longxin Glass for 10 years.

Pursuant to the Second Supplemental MOU, the Company shall sign the Formal Agreement with the shareholders of the Target Company to acquire not less than 51% shareholding interest of the Target Company subject to the fulfillment of the following conditions: (i) the DD Review has been completed and the result of which is to the satisfaction of the Company; and (ii) a professional valuation by an independent valuer acceptable to the Company which values the Target Company at not less than RMB80,000,000 on assumptions acceptable to the Company.

19. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES (Continued)

(b) Sino Grandway International Investment Limited (Continued)

The parties shall sign the Formal Agreement within 7 days from the fulfillment or waiver of the said conditions by the Company (or other date as agreed by the parties in writing). The MOU, the Supplemental MOU and the Second Supplemental MOU shall be terminated and the First Deposit and the Second Deposit in the aggregate amount of HK$32 million shall be returned to the Company if the aforesaid conditions are not fulfilled or waived by the Company within the Exclusivity Period (or such other period as the parties agree in writing).

On 20 February 2015, the Company and the Second Target company had further entered into the third supplemental memorandum of understanding (the "Third MOU"). Pursuant to the Third MOU, the time that necessarily required for satisfying the prerequisite conditions as stipulated in the Second MOU would be further extended for three months.

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

20. INVENTORIES

	2015 **HK$**	2014 HK$
Raw materials	**5,975,174**	6,774,119
Work in progress	**2,383,875**	3,571,370
Finished goods	**5,893,784**	8,556,730
	14,252,833	18,902,219
Less: Provision of obsolete stock	**(5,968,954)**	(4,510,743)
	8,283,879	14,391,476

21. TRADE AND OTHER RECEIVABLES

	2015 HK$	2014 HK$
Trade receivables *(note a)*	**22,887,765**	25,658,345
Impairment *(note a)*	**(4,216,935)**	–
Other receivables *(note b)*	**40,341,494**	17,946,199
	59,012,324	43,604,544
Less: Non-current portion	**–**	(9,982,315)
Total trade and other receivables	**59,012,324**	33,622,229

(a) Trade receivables

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

The aging analysis of trade receivables based on the due date is as follows:

	2015 HK$	2014 HK$
Not yet due	**14,430,675**	17,148,150
1 – 30 days	**2,227,110**	3,561,098
31 – 60 days	**–**	690,952
61 – 90 days	**320,041**	1,006,783
91 – 180 days	**1,693,004**	3,251,362
Total	**18,670,830**	25,658,345

21. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

As at 31 March 2015, trade receivables of HK$4,240,155 (2014: HK$8,510,195) 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:

	2015 HK$	2014 HK$
1 – 30 days past due	2,227,110	3,561,098
31 – 60 days past due	–	690,952
61 – 90 days past due	320,041	1,006,783
91 – 180 days past due	1,693,004	3,251,362
Total	4,240,155	8,510,195

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

	2015 HK$	2014 HK$
At 1 April	–	–
Impairment losses recognised	4,216,935	–
At 31 March	4,216,935	–

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

	2015 HK$	2014 HK$
HK$	7,545,409	10,548,650
United States dollars ("US$")	10,237,397	8,262,010
Renminbi ("RMB")	888,024	6,847,685
Total	18,670,830	25,658,345

21. TRADE AND OTHER RECEIVABLES (Continued)

(b) Other receivables

	2015 HK$	2014 HK$
Advances to staff	**81,875**	1,376,527
Deposits paid for acquisition of property, plant and equipment	**–**	9,982,315
Prepayments and other deposits paid	**39,913,683**	5,751,398
Others	**345,936**	835,959
	40,341,494	17,946,199

22. CONTINGENT CONSIDERATION RECEIVABLES

	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
Fair value of contingent consideration receivables at 31 March 2014	4,669,000
Realisation of contingent consideration receivables upon maturity date	37,331,000
Fair value of contingent consideration receivables at 31 March 2015	42,000,000

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

22. CONTINGENT CONSIDERATION RECEIVABLES (Continued)

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

The fair value of HK$42,000,000 (2014: HK$4,669,000) represents the nominal amount of cash to be received for the Profit Guarantee which has been determined by the Board of Directors in light of the fact that the Profit Guarantee became matured.

23. TRADE AND OTHER PAYABLES

	2015	2014
	HK$	HK$
Trade payables *(note a)*	**8,496,248**	11,637,215
Other payables *(note b)*	**21,220,591**	16,266,848
Total trade and other payables	**29,716,839**	27,904,063

(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:

	2015	2014
	HK$	HK$
Not yet due	**8,395,721**	11,013,459
1 – 30 days past due	**63,068**	545,726
31 – 60 days past due	**24,144**	41,022
61 – 90 days past due	**4,958**	8,296
91 – 180 days past due	**8,357**	28,712
	8,496,248	11,637,215

23. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables (Continued)

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

	2015 HK$	2014 HK$
HK$	**7,070,410**	9,657,531
RMB	**561,367**	1,663,484
US$	**864,471**	316,200
Total	**8,496,248**	11,637,215

(b) Other payables

	2015 HK$	2014 HK$
Receipts in advance	–	1,709,003
Accruals	**4,333,263**	2,996,494
Other tax payables	**854,200**	1,795,198
Salary and welfare payables	**9,778,866**	8,339,160
Others	**6,254,262**	1,426,993
	21,220,591	16,266,848

24. OBLIGATION UNDER FINANCE LEASE

The Group leased the motor vehicle under finance lease (2014: nil). The lease term is 4 years. Interest rate underlying obligation under finance lease is fixed at 5.47% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK$	2014 HK$	**2015 HK$**	2014 HK$
Amounts payable under finance lease:				
Within one year	**1,350,000**	–	**1,180,645**	–
More than one year but less than five years	**2,587,500**	–	**2,451,182**	–
	3,937,500	–	**3,631,827**	–
Less: future finance charges	**(305,673)**	–	**–**	
Present value of lease obligation	**3,631,827**	–	**3,631,827**	
Less: Amount due for settlement within 12 months			**(1,180,644)**	–
Amount due for settlement after 12 months			**2,451,183**	–

25. DUE TO A DIRECTOR

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

26. PROMISSORY NOTES

	2015 HK$	2014 HK$
Proceeds from issue	**74,900,000**	71,637,760
Imputed interest income arising from issuance of promissory notes	**(6,467,797)**	(7,878,535)
Issue for acquisition of a subsidiary	**–**	38,673,000
Fair value at issue date	**68,432,203**	102,432,225
At 1 April	**99,757,479**	–
Imputed interest charged	**13,982,073**	5,260,711
Interest paid	**(5,936,000)**	(250,000)
Early redemption	**(63,467,500)**	(8,000,000)
Loss on early redemption	**981,694**	314,543
At 31 March	**113,749,949**	99,757,479
Analysed as:		
Current liabilities	**31,687,292**	64,036,519
Non-current liabilities	**82,062,657**	35,720,960
	113,749,949	99,757,479

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

During the year, the Company issued unsecured promissory notes with aggregate principal amounts of HK$74,900,000 (2014: HK$119,360,000). The proceeds from the issuance of promissory notes are be used as general working capital of the Group, financing future investment opportunities and as part of the consideration for the acquisition as disclosed in notes to these consolidated financial statements.

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

26. PROMISSORY NOTES (Continued)

The early redemption option of promissory note is regarded as an embedded derivative not closely related to the host contract and shall be separately accounted for as a derivative financial instrument. In the opinion of the Directors, the fair value of the early redemption option was considered no value.

A promissory note issued to a shareholder with carrying amount of HK$32,522,293 was included in the balance as at 31 March 2014. The promissory note is unsecured, bearing interest of 3% per annum and repaid during year ended 31 March 2015.

27. CONVERTIBLE BONDS

	2015 **HK$**	2014 HK$
Liabilities component:		
Convertible bonds with principal amount of:		
– HK$55,500,000 ("CB1")	**4,125,151**	9,103,132
– HK$15,600,000 ("CB2")	**1,547,737**	2,506,533
– HK$22,100,000 ("CB3")	**3,985,670**	–
– HK$20,600,000 ("CB4")	**3,655,785**	–
	13,314,343	11,609,655
Analysed as:		
Current liabilities	**13,314,343**	7,913,460
Non-current liabilities	**–**	3,696,205
	13,314,343	11,609,665

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

27. CONVERTIBLE BONDS (Continued)

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, CB2, CB3 and CB4 at principal amount plus any accrued and unpaid interest thereon the redemption date. Besides, during the Conversion Period, the bond holders of CB1, CB2, CB3 and CB4 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.

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

27. CONVERTIBLE BONDS (Continued)

The net proceeds received from the issue of CB1, CB2, CB3 and CB4 have been split between the derivative component of convertible bonds, liability and equity component, as follows:

	CB1 HK$	CB2 HK$	CB3 HK$	CB4 HK$	Total HK$
Liabilities component:					
At 1 April 2013 and proceeds from issue	54,945,000	15,444,000	–	–	70,389,000
Equity components	(46,067,603)	(12,948,679)	–	–	(59,016,282)
Liability components	8,877,397	2,495,321	–	–	11,372,718
Imputed interest charged	225,735	11,212	–	–	236,947
At 31 March 2014 and at 1 April 2014	9,103,132	2,506,533	–	–	11,609,665
Proceeds from issue	–	–	21,879,000	20,394,000	42,273,000
Equity components	–	–	(18,278,108)	(17,229,097)	(35,507,205)
Liability components recognised	9,103,132	2,506,533	3,600,892	3,164,903	18,375,460
Imputed interests charged	1,334,519	366,204	384,778	490,882	2,576,383
Interest paid	(6,312,500)	(1,325,000)	–	–	(7,637,500)
At 31 March 2015	4,125,151	1,547,737	3,985,670	3,655,785	13,314,343
Derivative components:					
At 1 April 2014 and at date of issue	20,515,770	6,299,370	–	–	26,815,140
Fair value change for the year	(60,770)	(71,370)	–	–	(132,140)
At 31 March 2014	20,455,000	6,228,000	–	–	26,683,000
Initial recognition	–	–	2,731,614	2,550,550	5,282,164
Fair value change	(17,686,695)	(5,548,298)	809,017	620,411	(21,805,565)
At 31 March 2015	2,768,305	679,702	3,540,631	3,170,961	10,159,599

The Directors estimate the fair values of the liability components of the CB1, CB2, CB3 and CB4 at 31 March 2015 to be approximately HK$4,125,151, HK$1,547,737, HK$3,985,670 and HK$3,655,785 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).

27. 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, CB2, CB3 and CB4 are estimated using Binomial Option Pricing Model (level 3 fair value measurements) and were valued by the independent valuer, International Valuation Limited. The key assumptions used are as follows:

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

	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%

28. BORROWINGS

	2015 HK$	2014 HK$
Trust receipt loans	**2,070,246**	4,444,173
Bank borrowings	**294,059**	–
	2,364,305	4,444,173

The Group's borrowing are repayable within one year for the years ended 31 March 2015 and 2014.

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

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

	2015	2014
Trust receipt loans	**6.25%**	6.25%
Bank borrowings	**5.25%**	N/A

Borrowings of HK$2,364,305 (2014: HK$4,444,173) are arranged at floating rates and expose the Group to cash flow interest rate risk.

As at 31 March 2015, the Group had banking facilities of HK$7,300,000 (2014: HK$19,250,000) of which HK$2,364,305 (2014: HK$4,444,173) were utilised.

At 31 March 2015, borrowings with carrying amount of HK$2,364,305 (2014: HK$4,444,173) are secured or guaranteed by the Group's leasehold land and buildings with an aggregate net book value of HK$4,174,638 (2014: HK$4,303,753) and corporate guarantees provided by the Company.

29. DUE TO A SHAREHOLDER

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

30. 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 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	(1,470,525)	–	–	(1,470,525)
At 31 March 2014 and 1 April 2014	23,038,225	157,441	816,253	24,011,919
Credit to consolidated profit or loss for the year	(5,882,100)	–	–	(5,882,100)
At 31 March 2015	17,156,125	157,441	816,253	18,129,819

As at 31 March 2015, deferred tax liabilities of approximately HK$3,444,017 (2014: approximately HK$1,872,000) 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 of the Group has unused tax losses of approximately HK$51,837,630 (2014: approximately HK$27,965,000) 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 (2014: approximately HK$11,756,000) that have an expiry period of five years. Other tax losses may be carried forward indefinitely.

31. SHARE CAPITAL

	Note	Number of shares	Amount HK$
Authorised:			
Ordinary shares of HK$0.0001 (2013: HK$0.001) each			
At 1 April 2013		1,000,000,000	1,000,000
Share subdivision		9,000,000,000	–
At 31 March 2014, 1 April 2014 and 31 March 2015		**10,000,000,000**	**1,000,000**
Issued and fully paid:			
Ordinary shares of HK$0.0001 (2014: HK$0.0001) 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 and at 1 April 2014		7,264,500,000	726,450
Issue of shares by placement	*(e)*	1,452,900,000	145,290
Issue of shares by share option scheme	*(f)*	55,000,000	5,500
At 31 March 2015		**8,772,400,000**	**877,240**

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.

31. SHARE CAPITAL (Continued)

Notes: (Continued)

(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.

(e) On 24 September 2014, the Company issued 1,452,900,000 ordinary new shares at a subscription price of HK$0.1 per share for a total cash consideration of HK$145,290. The premium on the issue of shares amounting to HK$141,500,837, net of share issue expenses, was credited to the Company's share premium account.

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

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

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

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

	2015 **HK$**	2014 HK$
Total debts	**133,060,429**	115,811,317
Less: Cash and cash equivalents	**(100,034,797)**	(91,155,559)
Net debt	**33,025,632**	24,655,758
Total equity	**262,443,164**	222,442,629
Total capital	**295,468,796**	247,098,387
Gearing ratio	**11.2%**	10.0%

31. SHARE CAPITAL (Continued)

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.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2015** **HK$**	2014 HK$
Investments in subsidiaries		**9,291,068**	9,291,068
Property, plant and equipment		**1,209,115**	1,483,828
Deposit paid for acquisition of a subsidiary		**47,000,000**	15,000,000
Deposits paid for acquisition of property, plant and equipment		**–**	8,000,000
Other receivables		**5,917,470**	3,546,107
Due from subsidiaries		**322,935,948**	245,523,497
Derivative components of convertible bonds		**10,159,599**	26,683,000
Bank and cash balances		**8,990,430**	25,971,293
Accruals and other payables		**(2,783,655)**	(1,856,356)
Due to a subsidiary		**(433,211)**	(435,462)
Promissory notes		**(113,749,949)**	(99,757,479)
Convertible bonds		**(13,314,343)**	(11,609,665)
NET ASSETS		**275,222,472**	221,839,831
Capital and reserves			
Share capital		**877,240**	726,450
Reserves	*35(b)*	**274,345,232**	221,113,381
TOTAL EQUITY		**275,222,472**	221,839,831

33. 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.

(b) Company

	Share premium HK$	Share-based capital reserve HK$	Convertible bonds equity reserve HK$	Accumulated losses HK$	Total HK$
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	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 and 1 April 2014	**147,589,826**	**46,448,000**	**85,831,422**	**(58,755,867)**	**221,113,381**
Loss for the year	**–**	**–**	**–**	**(206,644,203)**	**(206,644,203)**
Issue of shares upon placing, net of share issuance expenses	**141,500,837**	**–**	**–**	**–**	**141,500,837**
Issuance of share option	**–**	**71,376,348**	**–**	**–**	**71,376,348**
Share option lapsed	**–**	**(31,973,250)**	**–**	**31,973,250**	**–**
Exercise of share option	**6,209,500**	**(3,694,500)**	**–**	**3,694,500**	**6,209,500**
Recognition of equity component of convertible bonds	**–**	**–**	**40,789,369**	**–**	**40,789,369**
At 31 March 2015	**295,300,163**	**82,156,598**	**126,620,791**	**(229,732,320)**	**274,345,232**

(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.

33. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(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.

34. SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

34. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

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.

Details of the specific categories of options are as follows:

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

34. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

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:

	2015		2014	
	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	**550,000,000**	**0.20**	–	–
Granted during the year	**1,201,740,000**	**0.10**	60,500,000	2.05
Lapsed during the year	**(330,000,000)**	**(0.22)**	(5,500,000)	(2.18)
Exercised during the year	**(55,000,000)**	**(0.11)**	–	–
Share subdivision during the year	**–**	**–**	495,000,000	–
Outstanding at the end of the year	**1,366,740,000**	**0.11**	550,000,000	0.20
Exercisable at the end of the year	**1,366,740,000**	**0.11**	550,000,000	0.20

The options outstanding at the end of the year have a weighted average remaining contractual life of 9.63 years (2014: 9.5) and the exercise prices range from HK$0.08 to HK$0.22 (2014: from HK$0.16 to HK$0.22). The estimated fair values of the options granted on 17 September 2013, 10 October 2013, 13 January 2014, 14 July 2014, 21 August 2014, 23 September 2014, 16 February 2015 and 17 March 2015 are HK$42,631,000, HK$3,688,000, and HK$6,640,000, HK$12,689,000, HK$7,389,000, HK$4,391,000, HK$4,696,768 and HK$42,210,580 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 25 March 2015.

34. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

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

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

Note:

(a) The fair value, the grant date share price and the exercise price of the share options grant in prior year have been adjusted pursuant to the share subdivision of the Company's share became effective on 25 March 2015.

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

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

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of a subsidiary

During the year ended 31 March 2015, there was no acquisition of 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.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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)
Net identifiable assets and liabilities	70,648,195
Goodwill	91,489,805
Contingent consideration receivables	4,535,000
Total consideration for acquisition	166,673,000
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
Total consideration paid	166,673,000
Net cash outflow arising on acquisition:	
Cash consideration paid	40,000,000
Cash and cash equivalents acquired	39,543
	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.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Acquisition of a subsidiary (Continued)

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 22 to the financial statements.

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.

36. 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

36. RELATED PARTY TRANSACTIONS (Continued)

(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:

	2015 **HK$**	2014 HK$
Rental expenses in respect of a motor vehicle paid/payable to Charm Wealth	**–**	284,384

(c) The Company granted 4,690,060 and Nil share options to the Directors and Non-Executive Director respectively which are exercisable from 17 March 2015 to 16 March 2025 at an exercise price of HK$0.092 each.

37. CONTINGENT LIABILITIES

As at 31 March 2015, the Group and the Company did not have any significant contingent liabilities (2014: Nil).

38. CAPITAL COMMITMENTS

Save as disclosed elsewhere to the consolidated financial statements, the Group has no other capital commitments as at 31 March 2015.

39. OPERATING LEASE COMMITMENTS

At 31 March 2015 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 **HK$**	2014 HK$
Within one year	**11,906,894**	5,717,976
In the second to fifth years inclusive	**37,729,850**	13,830,700
After five years	**27,357,473**	5,363,753
	76,994,217	24,912,429

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 (2014: 4 years) and rentals are fixed over the lease terms and do not include contingent rentals.

40. RETIREMENT BENEFITS SCHEME

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

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

41. SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2015 are as follows:

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

41. SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/profit sharing Direct	Indirect	Principal activities
Rich Talent Worldwide Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
New Skyline Group Limited*	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Sun Fair Electric Wire & Cable (HK) Company Limited*	Hong Kong/ Hong Kong	HK$3,000,000	–	100%	Trading of power and data cords
Logic Dynamic Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Trading of power and data cords for medical control devices
China Oil Gangran Energy Group Investment Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Inactive
China Oil Gangran Energy Group Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Investment holding
Sun Fair Electric Wire & Cable Industrial Company Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Manufacturing and trading of raw cables for power and data cords
Sun Fair Electric Wire & Cable Solutions Limited	Hong Kong/PRC	HK$400,000	–	70%	Provision of services to facilitate sales arrangements and support
China Oil Gangran Energy Group (Hong Kong) Limited*	Hong Kong/ Hong Kong	HK$1	–	100%	Investment holding
Prosper State International Holdings Limited*	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
3 Dynamics (Asia) Limited*	Hong Kong/ Hong Kong	HK$10,000	–	100%	Engaged in activities relating to the provision of programming services, web services, mobile marketing solutions and development of mobile phone games

41. SUBSIDIARIES (Continued)

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

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

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

* Limited Liability Company

42. EVENTS AFTER THE REPORTING PERIOD

(a) On 9 April 2015, the Company entered into a third supplemental memorandum of understanding ("Third Supplemental MOU") made pursuant to the memorandum of understanding the Company entered into on 10 January 2014 ("MOU"). Pursuant to the MOU, the Vendor shall (and shall procure his agents and adviser not to) during the period of 9 months from the date of the MOU directly or indirectly negotiate with any third party on any sale or transfer of any shares or material assets of the Target Company. The Exclusivity Period was extended for further 9 months by the Supplemental MOU, the Second Supplemental MOU and the Third Supplemental MOU from the date of the first MOU, i.e. 10 January 2014.

Details of the MOU are set out in the Company's announcements dated 10 January 2014, 9 October 2014, 20 January 2015 and 9 April 2015 respectively.

(b) On 29 April 2015, the Company announced that Mr. Tse Yee Hin, Tony ("Mr. Tse") has tendered his resignation as a Non-Executive Director of the Company with effect from 30 April 2015, due to his other business engagements which require more of his time and dedication. Mr. Tse has confirmed that he has no disagreement with the Board.

(c) On 13 May 2015, the Company announced that 3 Dynamics (Asia) Limited (the "Vendor") has recorded a net loss after tax in its audited financial statement for the period from 11 December 2013 to 10 December 2014. As pursuant to the Sale and Purchase Agreement in relation to the acquisition of the entire issued share capital of the Vendor, the Vendor has irrevocably and unconditionally warranted and guaranteed to the Company that the audited net profits after tax of the Target Company as shown in its audited financial statement for the Relevant Period shall not be less than HK$42,000,000 (the "Profit Guarantee").

The Company shall instruct a licensed securities dealer to dispose of (the "Sale") the number of Escrow Shares appropriately sufficient to pay the Profit Guarantee at the then best price it reasonably obtained and thereafter, pay the net proceeds of the Sale to the Purchaser and release the share certificates of the remaining Escrow Shares (if any) to the Vendor.

Details of the Profit Guarantee in relation to the acquisition are set out in the Company's announcement dated 15 August 2013, 25 October 2013, 21 November 2013, 18 December 2013 and 13 May 2015.

42. EVENTS AFTER THE REPORTING PERIOD (Continued)

(d) Automatic Conversion

On 20 May 2015, the Company completed an automatic conversion of Convertible Bonds 1 and Convertible Bonds 2.

Reference is made to the announcement of 20 December 2013, 6 January 2014 and 27 January 2014 respectively in relation to the placing of the convertible bonds of an aggregate principal amount of HK$55,500,000 with the maturity date of 23 July 2015 (the "Convertible Bonds 1"). Reference is also made to the Company's announcement dated 19 February 2014 and 20 March 2014 respectively in relation to the placing of the convertible bonds of an aggregate principal amount of HK$15,600,000 with the maturity date of 19 September 2015 (the "Convertible Bonds 2").

Pursuant to the respective terms and conditions of the Convertible Bonds 1 and Convertible Bonds 2, if, at any time during the Conversion Period, the average closing price per share for 10 consecutive trading days exceeds (but does not include) HK$3.20, which is 35% more than the Conversion Price (the "Automatic Conversion Price"), the holders of the Convertible Bonds 1 and the Convertible Bonds 2 shall be deemed to have exercised their rights to convert all outstanding convertible bonds and such convertible bonds will be automatically converted into conversion shares at the Conversion Price which is subject to adjustment in accordance with the respective terms and conditions of the Convertible Bonds 1 and Convertible Bonds 2 (the "Automatic Conversion").

The Company conducted a share subdivision (the "Share Subdivision") as disclosed in the Company's circular dated 28 February 2014 and announcement dated 24 March 2014. Hence, the conversion price of both Convertible Bonds 1 and the Convertible Bonds 2 has been adjusted from HK$2.37 per share to HK$0.237 per Share (the "Adjusted Conversion Price"). Also, the Automatic Conversion Price has been adjusted from HK$3.2 per Share to HK$0.32 per Subdivided share as confirmed by the auditors of the Company.

The average closing price per share for 10 consecutive trading days up to and including 19 May 2015 is HK$0.321, which is above the adjusted Automatic Conversion Price of HK$0.320.

The Company allotted and issued a total of 234,177,203 shares (the "Automatic Conversion Shares 1") and 65,822,781 shares (the "Automatic Conversion Shares 2") to the holders of the Convertible Bonds 1 and Convertible Bonds 2 respectively as a result of the Automatic Conversion.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 23 June 2015.

Financial Summary

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

RESULTS

	For the year ended 31 March				
	2015	2014	2013	2012	2011
	HK$000	HK$000	HK$000	HK$000	HK$000
Revenue	**79,627**	128,261	157,425	175,498	160,213
(Loss)/profit before income tax	**(225,327)**	(90,872)	(12,824)	(9,486)	21,029
Income tax credit/(expense)	**5,538**	2,002	136	(1,144)	(3,006)
(Loss)/profit for the year	**(219,789)**	(88,870)	(12,688)	(10,630)	18,023
Attributable to:					
Owners of the Company	**(217,075)**	(88,678)	(9,703)	(9,003)	18,023
Non-controlling interest	**(2,714)**	(192)	(2,985)	(1,627)	–
	(219,789)	(88,870)	(12,688)	(10,630)	18,023

ASSETS, EQUITY AND LIABILITIES

	For the year ended 31 March				
	2015	2014	2013	2012	2011
	HK$000	HK$000	HK$000	HK$000	HK$000
ASSETS					
Non-current assets	**230,455**	229,975	28,374	39,091	27,750
Current assets	**219,491**	170,521	77,428	104,157	70,372
Total assets	**449,946**	400,496	105,802	143,248	98,122
EQUITY AND LIABILITIES					
Total equity	**262,443**	222,443	53,955	64,420	42,497
Non-current liabilities	**102,644**	63,429	974	974	1,019
Current liabilities	**84,859**	114,624	50,873	77,854	54,606
Total liabilities	**187,503**	178,053	51,847	78,828	55,625
Total equity and liabilities	**449,946**	400,496	105,802	143,248	98,122
Attributable to:					
Owners of the Company	**265,456**	222,515	53,955	63,585	42,497
Non-controlling interest	**(3,013)**	(72)	–	835	–
	262,443	222,443	53,955	64,420	42,497